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IN THE

Supreme Court of the United States

October Term, 1946.

No. 504

JAMES MARR, doing business as MARR DUPLICATOR COMPANY,

Petitioner,

vs.

A. B. DICK COMPANY,

Respondent.

Petition for a Writ of Certiorari to the United States Circuit Court of Appeals for the Second Circuit.

C. P. GOEPEL,
Attorney for Petitioner.

EDWARD D. BOLTON,
Of Counsel.

LODER APPEAL PRESS, INC., 65-67 Duane St., N. Y. C., Tel. WOrth-2-0689

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Petitioner,

vs.

A. B. DICK COMPANY,
Respondent.

No. .....

Petition for a Writ of Certiorari to the United States Circuit Court of Appeals for the Second Circuit.

To the Honorable the Chief Justice and Associate Justices of the Supreme Court of the United States:

The petitioner prays that a writ of certiorari issue to review the judgment of the United States Circuit Court of Appeals for the Second Circuit, entered in this cause.

I.

Summary Statement of Matter Involved.

This is a patent infringement suit concerning a mimeograph stencil.

Following an interlocutory decree in which a certain type of stencil (A F) was held by the then District Judge Patterson, an infringement of U. S. Letters Patent 1,526,982, and these A F stencils were accounted for, dif-

ferent types of stencils (MO_{37} and MO) which were not before the trial court, were for the first time urged as infringements against the objections of the petitioner. The petitioner contended that he was entitled to his day in court, *i. e.*, to a trial on the merits, in which prior art could be adduced. Nevertheless, the Special Master held as infringements these MO_{37} and MO and other stencils about which latter no evidence of contents appeared.

On the form of the accounting, it was urged by petitioner that the continuous business rule under the *Macbeth* case (*Macbeth Evans Glass Co.* v. *L. E. Smith Glass Co.*, 21 F. [2] 553, affirmed 23 F. [2] 459 [C. C. A. 3]) should control, rather than the segregation rule referred to in the *Duplate* v. *Triplex* case, 298 U. S. 448, 458, followed by the Special Master.

The District Court affirmed the Master's Report and judgment was entered.

Findings of facts under Rule 52a were filed with the judgment. A motion for additional findings of facts under Rule 52b was denied.

There are no findings of Judge Patterson or of the Special Master.

The Court of Appeals affirmed the District Court.

The Court of Appeals in the instant case, (opinion by Judge Augustus N. Hand), gave the patent a broad construction, notwithstanding that the earlier *Kensington* case of that court had held: "the prior art precludes any broad interpretation of the patent" (*A. B. Dick* v. *Kensington Co.*, 72 F. (2d) 268, C. C. A. 2, 1934, opinion by Judge Manton).

The claims have as their essential element a coating including a cellulose compound and a tempering agent. However, the court held in the instant case: "the patent is limited to no formula but only teaches that a proper coating for dry stencil sheets should have a small percentage of nitrocellulose and a large percentage of soft materials

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of an oily character * * * But Hill's specification does not require that castor oil or any oil be used", quoting from its earlier case (*A. B. Dick* v. *Shallcross*, 42 (2) 169 (1930), opinion by Judge Augustus N. Hand). The stencil in the *Shallcross* case used oleic acid (red oil). Following this percentage rule Judge Patterson held the A F stencil of wax and oleic acid (red oil) an infringement. The Special Master and the District Court, also applied this rule to the MO_{37} and MO stencils.

The foregoing *Shallcross* case, (an appeal from an order for a preliminary injunction), was based on *A. B. Dick* v. *Simplicator Corp.* (34 F. (2) 935, C. C. A. (2) 1929, opinion by Judge Augustus N. Hand affirming Judge Winslow's opinion (30 F. (2) 713)) which held the patent valid and infringed by a stencil using castor oil. The claims now in suit were not set forth in the *Simplicator* opinions.

In the Third Circuit, *Arlac Dry Stencil Corp.* v. *A. B. Dick Co.* (46 F. (2) 899, C. C. A. 3, 1931, opinion by Judge Woolley). There were two stencils. The first stencil used castor oil, and defendant was held by *res adjudicata* under the *Simplicator* case. The second stencil used oleic acid (red oil), and the court followed the *Shallcross* case. It rightly expressed certain views on the scope of the patent, to wit: that the Second Circuit court could construe the claims only with respect to defendant's oil practice,—"and that is all the court could validly do" (at p. 902).

In the Seventh Circuit, *Heyer Duplicator Company* v. *A. B. Dick & Co.*, 59 F. (2) 787, C. C. A. 7, 1932, the stencil used oleic acid (red oil) and followed the *Shallcross* case.

In the MO_{37} and MO stencils of the instant case, neither castor oil nor oleic acid (red oil) was used, thus differentiating from all the stencils held as infringements in these litigations. The essential ingredient was amylstearate which is not an oil, nor does it have the greasy feel of an oil. (It has been erroneously referred to as "of an oily

nature".) The difference is radical and goes to the essence of the organism.

While the foregoing percentage rule of the *Shallcross* case may have had application to the A F stencil which had a large amount of oleic acid, it did not have "that peculiar sanctity" as applied to the MO_{37} and MO stencils, which, as Judge Pound said in *People* v. *Rutigliano*, 261 N. Y. 103, 107: "as applied to another case is quite without foundation".

The *Simplicator* case differentiated the patent from the prior art Campion patent by stating that the patent had a large proportion of oil. The *Shallcross* case so differentiated by the percentage rule. This, in effect, admitted that the claims as issued were invalid without these differentiations. In the instant case, parts of the specification were read into the claims in the belief that the MO_{37} and MO stencils had these parts. Moreover it was said that the patent did not require an oil. By this addition to and subtraction from the claims, it was held that the MO_{37} and MO stencils infringed the claims in suit.

The Court of Appeals held on the findings of facts: "They clearly covered the ultimate facts and were not required to set forth the details of the evidence".

The Court of Appeals held on the form of the accounting: "the rule for accounting in situations like the present implicit in the decision of the Supreme Court in *Duplate Corp.* v. *Triplex Co.*, 298 U. S. 448, precludes any results other than those arrived at".

The Court of Appeals held that a California corporation, not a party defendant, should account for its profits.

II.

Statement as to Jurisdiction.

(1) Jurisdiction to issue the writ rests on Section 240 (a) of the Judicial Code, as amended by the Act of February 13, 1925 (28 U. S. C. 347).

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(2) The date of the judgment is June 26, 1946, reported in 155 F. (2) 923. Petition for rehearing was denied on July 25, 1946.

III.

Questions Presented Arising Out of the Judgment of the Court of Appeals:

QUESTION 1.

Where, from the specification or language of a chemical product claim it is clear that the Patent Office intended to grant the broader monopoly which turns out to be invalid, the courts may not for the arbitrary purpose of saving the claim, or for extending its breadth and scope to hold infringement, read into the claim a part of the specification which it does not have.

QUESTION 2.

When, in an equity case, the findings of fact do not state the ultimate facts in their legal effects, with sufficient subordinate or circumstantial facts to enable the correctness of the ultimate facts to be ascertained as required by the applicable decisions of this court, then such findings do not comply with Rule 52, Federal Rules of Civil Procedure.

QUESTION 3.

In patent accounting proceedings, the accounting master appointed to take an account of the profits on devices held by the trial court to infringe the patent, is limited to such devices by the interlocutory decree, and he has no power to judge other devices which were not before the trial court and which present different issues than the issue decided at the trial.

QUESTION 4.

A defendant is entitled to his day in court on a new construction of different means, operation and result from the construction held to be an infringement by the interlocutory decree, the accounting master having no power under the decree to judge the question of infringement, barring the defendant from defenses as prior art, etc., applicable to such new construction.

QUESTION 5.

Where in the course of business, each infringement is treated by itself, showing a profit in one infringement and a loss in another, the plaintiff may elect the profits and disregard the losses, but where a large number of sales under varying conditions are made in a continuous manner, and defendant's books are kept accordingly, without a cost accounting system, with losses occurring concurrently with the gaining of profits, then the resultant profits of the sales constituting the infringing transaction, are determined by designating the so-called losses as diminutions.

QUESTION 6.

A corporation, not a party defendant, cannot be made to account for its profits in an accounting under an interlocutory decree against an individual, who, on the incorporation of that corporation by the creditor of the individual's California business, divested himself of all of the incorporating stock at the time of the incorporation, and never thereafter voted the stock, and never attended any stockholder's meeting.

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IV.

Reasons Relied on for the Allowance of the Writ.

(a) Different interpretations of the patent in suit as to its scope by different Circuit Courts of Appeals, and by the same Circuit Court of Appeals.

(b) Departure from the accepted and usual course of judicial proceedings as to call for this court's power of supervision.

(c) The decision of the instant case is in conflict with the applicable decisions of this court.

(d) Important questions of federal law are presented which have not been, but should be settled by this court.

Supporting Statements for the Reasons Relied On.

(1) Different Interpretations of the Patent in Suit as to Its Scope by Different Circuit Courts of Appeals, and by the same Circuit Court of Appeals.

(a) In the instant case, the Court of Appeals (Judges L. Hand, Augustus N. Hand and Clark) stated it had given the patent in suit a broad construction in its earlier case, *A. B. Dick* v. *Shallcross Co.* (1930) 42 F. (2) 169, 170, 171, (Judges L. Hand, Augustus N. Hand and Chase). Judge Augustus N. Hand delivered both opinions.

(b) The same Court of Appeals (1934) in *A. B. Dick* v. *Kensington Co.* (72 F. [2] 268, 270) (Judges Manton, L. Hand, and Chase), by Judge Manton had stated:

> "The prior art precludes any broad interpretation of the claims of the Hill patent. * * * Stencils, including dry stencils, were old, and binders and

> tempering agents were found in them. • • • No doctrine of functional efficiency can be extended to give to Hill a monopoly so as to include a stencil having a binder and a tempering agent which is different from that used by Hill, and which may now have some commercial success."

(c) The Circuit Court of Appeals for the Third Circuit, *Arlac* v. *A. B. Dick Co.*, 46 F. (2) 899 (Judges Buffington, Woolley and Thompson), Judge Woolley, having both the foregoing Shailcross opinion and an earlier opinion of Judge Augustus N. Hand in the *A. B. Dick* v. *Simplicator Co.* (1929) C. C. A. 2, (Judges Manton, L. Hand and Augustus N. Hand) (42 F. [2] 169) before him, which latter he held *res adjudicata*, stated at 901:

> "The narrow claims call for and name tempering agents, such as 'oil', 'castor oil', 'vegetable oil'. The broad claims, notably claims 2 and 18, call merely for a 'tempering agent' without naming it. The art knew what a tempering agent was. It knew it was oil of some kind; and it knew of no other, unless it be glycerin which is a derivative of fats and oils.[1] Hill discovered and disclosed nothing novel about that. He simply and broadly called for a tempering agent 'such as oil',[2] preferably, 'castor oil or a similar oil' having a given quality. The Circuit Court of Appeals for the Second Circuit found invention in the broad claims calling merely for a 'tempering agent', and found they were infringed by the use of castor oil as such agent. Evidently for the purposes of that case the words 'tempering agent' were construed

1. The patent in suit speaks of a tempering agent such as starch or glycerin as known to the prior art.

2. The patent says "such as an oil".

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> to mean oil without limitation except as to function. The defendants used oil. If their tempering agent had been something other than oil, *the problem of construing the broad claims might have been more difficult—at least, it would have been different.* But in construing the claims with respect to the defendants' oil practice—*and that is all the court could validly do*—the Circuit Court of Appeals for the Second Circuit construed them with respect to the tempering agent or oil and in doing so, very properly, we think, refused to restrict the broad claims to the specific limitations of the narrow ones." (Italics supplied.)

Judge Woolley disagreed with the dictum in the *Shallcross* case, that the patent in suit does not require "any oil". If claims 2 and 18 mean oil, then these broad claims are the same as the more specific claims referred to.

(2) Departure From the Accepted and Usual Course of Judicial Proceedings as to Call for This Court's Power of Supervision.

In the *Simplicator* case, the court emphasized the large proportion of oil to distinguish the patent in suit from the prior second Campion patent.[1] In the *Shallcross* case, the court announced the percentage rule: a small percentage of nitrocellulose and a large amount of soft materials of an oily character.[2] As the Shallcross defendant used oleic acid or red oil,[3] the statement in the *Shallcross* case, that "Hill's specification does not require that

1. "* * a sheet of Japanese paper impregnated uniformly with a solution of celluloid in its solvents, to which solution is added castor oil or a similar suitable oil." The entire claim is quoted in the *Simplicator* case. Celluloid is a cellulose compound.

2. The claims are silent as to proportion or percentages.

3. Oleic acid is commonly known as an oil. Oleic acid is the oiliest part of an oil. Oleic acid also results from decomposition of castor oil.

castor oil or any oil shall be used", was unnecessary to the decision of that case.

It became necessary in this case to make that dictum a holding. This was a departure as the patent in suit only sets forth a "tempering agent such as an oil". The plural "materials of an oily character" is a contradiction of the wording of the patent, which clearly says "an oil". It is this misnomer which misled Judge Patterson in the A F trial, and also the Special Master and the District Court in the instant case. It is followed by the Court of Appeals in the instant case. There is nothing in the claims in suit setting out as an element "materials of an oily character."

That percentage rule or "only teaching" was made in the face of certain claims, which claimed the cellulose compound alone, *i. e.* without the tempering agent. These claims were held void by the Court of Appeals, but on rehearing it was said the question was moot, a rather strange position to take in respect to a contested issue. The court added, by way of legislation, that plaintiff did not have to file a disclaimer. Plaintiff never did. Invalidity follows under the later cases of this court (*Ensten* v. *Simon Ascher & Co.*, 282 U. S. 445, 458; *Marconi Wireless Tel. Co. of America* v. *United States*, 320 U. S. 1, 58.)

While this percentage rule is referred to in the instant case, it was not considered essential in the *ratio decidendi* of the question of infringement. The thing now decided was that parts of the altered specification could be imported into the claims. This was a departure.

In the *Shallcross* case, the court said that "tempering agent" and "homogeneity" were to be considered "practical" and so held in this case. This is a novel view applied to chemical patents.

The *Kensington* case, 72 F. (2) 268, should have prevented the disclosure of the patent from being broadened

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to "without oil", in the instant case. This was a departure. *Matheson* v. *Campbell*, 78 Fed. 910 (CCA 2) also should have prevented such a departure.

The accepted and usual course required that that latest pronouncement of the Court of Appeals should have been adhered to, save for very cogent reasons, which, however, do not appear. The *Kensington* case was not referred to in the instant case.[1] The public, *i. e.*, this petitioner, had the right to rely on that narrower scope. *Stare Decisis*, 37 Harvard Law Review, 409, *Stare Decisis*, Moschzisker; *Stare Decisis*, American Bar Association Journal, October 1945.

The claims in issue of the patent specify "a coating including a cellulose compound and a tempering agent." The court construed that coating to include a dissolved and destroyed cellulose compound and a non-volatile solvent, in which the cellulose compound of the patent is absent and in which there is nothing to act as the tempering agent of the patent. With this broad construction, the patent does not define the invention with the particularity and definiteness required under Section 4888, and does not warn the public that such a different composition would infringe.

(3) The Decision of the Instant Case Is in Conflict With the Applicable Decisions of This Court.

In the instant case, the court held: "The issues as to the scope of the claims and defendant's infringement are not determined by whether the tempering agent is an oil under a mere chemical definition,[2] but whether it is 'such as oil', and like the castor oil recommended

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1. The *Duplicating Machine* case with which the *Kensington* case was consolidated, was cited. There were two different stencils.

2. In the *Shallcross* case, the court stated that the test of "what is oil is not the chemical meaning of the word but its general meaning, * * *" and that "the homogeneity referred to is not chemical but practical * * *."

in the specification, will prevent the pyroxylin enamel from drying too hard[3] and making the coating undesirably brittle". " • • • What is called for by the claims as read in the light of the specification is not a sheet in which the structure of the fibrous pyroxylin coating is retained, but one in which the coating[4] made of pyroxylin enamel is by the use of a tempering agent 'such as oil'[5] prevented from becoming too brittle. The coating,[6] whether castor oil or amylstearate be employed as a tempering agent, forms with the cellulose ester and its solvent a homogeneous body,[7] and thus is within the claims of the patent". The court thereby imported into the claims in suit the function of preventing the pyroxylin from becoming too brittle, as also the element of a "homogeneous body". This is contrary to *McCarty* v. *Lehigh Valley R.R. Co.*, 160 U. S. 110, 116, 40 L. Ed. 358), which says: "The difficulty is that if we once begin to include elements not mentioned in the claims in order to limit such claims and avoid a defense of anticipation, we should never know where to stop."

(4) Important Questions of Federal Law Are Presented Which Have Not Been, But Should Be Settled by This Court.

Question No. 1 Should Be Allowed.

The recent case of *United Carbon Co.* v. *Binney & Smith Co.*, 317 U. S. 228, 235, 237, after stating that respondent

3. There is no proof of this fact in the case.

4. In the patent, not the coating but the pyroxylin enamel is referred to as not becoming brittle. The claims do not contain this statement but only the coating including the cellulose compound and the tempering agent.

5. In the patent "such as an oil" is used (Pat. p. 1, l.70) not "such as oil".

6. The court probably intended to say that the castor oil or the amylstearate "forms with the cellulose ester and its solvent a homogeneous body", since the coating according to the claim includes the cellulose ester and the tempering agent.

7. There is no proof of this fact in the case.

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urged that the claims must be read in the light of the specification said: *"Assuming the propriety of this method* of construction, cf. *General Electric Co.* v. *Wabash Appliance Corp., supra,* 304 U. S. at 373-375". In this cited case, it was said: "The product claims here involved cannot be validated by reference to the specification. *Assuming that in a proper case* a claim may be upheld by reference to the descriptive part of the specification in order to give definite content to elements stated in the claim in broad or functional terms, * * *." (Italics supplied in both quotations.)

In *Altoona Publix Theatres* v. *American Tri-Ergon Corporation,* 294 U. S. 477, 487, 79 L. Ed. 1005, 55 S. Ct. 455, Justice Stone said, in passing: "As none of the flywheel claims as drawn define an invention, none can be aided by reading into it parts of the specifications, or of other claims, which the patentees failed to include in it."

This court has not expressed itself as to the extent to which a part of a specification may be used to be "read into a claim". The question was left open. See also: *Holland Furniture Co.* v. *Perkins Glue Co.,* 277 U. S. 245.

Question No. 2 Should Be Allowed.

"Ultimate facts" must be stated according to their "legal effects". The facts which must be found are those which raise a rule of law, since out of ultimate facts in proper kind and number arise the concepts of law. A concept of law falls into lesser legal concepts and hence groups. The main concept of law may turn upon the validity of a subconcept. The fundamental reason for objecting to a finding of the main concept is to force the issue from the form of generalization into that of specific facts. Insistence upon stating the ultimate facts according to their legal effects, is to prevent the issues from disintegrating into evidentiary details.

Following these principles, the fundamental concept of law here is infringement, having the subconcept that things are the same in patent law, if they have substantially the same means, work in substantially the same way, and produce by such working substantially the same result. The issue: "does the defendant have a cellulose compound and a tempering agent", cannot be found by saying: "yes, defendant has a cellulose compound and a tempering agent" as this is a conclusion. There must be facts stated from which that conclusion can be drawn. There are no such facts in findings 11, 14 and 17, which quote the claim verbatim, prefaced by "Tests performed showed", without stating the nature of the tests. Findings 10 to 19 are subjoined to the opinion.

The findings 10, 12, 13, 15, 16 and 18, which set out the percentage rule of the *Shallcross* case, and the alleged constituents of the "oily material", do not set forth any ultimate facts in their legal effects, since those findings may be true (which is denied), but they still fail to constitute the cause of action in issue. Also, the intervening facts necessary to show what "homogeneous", "oily material", "nitrocellulose" and "binder" includes or excludes, are absent. These findings do not show facts to establish identity of the constituents, their working and the result thereof, of petitioner's product with the patented product. Neither the ultimate facts, nor the circumstantial or subordinate facts are set forth.

Likewise, in Finding 19, to speak of "functioned as a tempering agent" and "merely colorable" differences, state conclusions without the aid of any facts to determine their correctness (*Esnault-Pelterie* case, 299 U. S. 201).

Finding 21 is printed on the top of Record, page 1156.

Finding 21, with its preceding finding 20, fails also in setting forth ultimate facts in their legal effects. They may be admitted to be true (though denied "that petitioner's accounts were deficient" and that respondent's

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statement was "done in a proper manner"), yet the ultimate facts, with their circumstantial facts, necessary to set up a cause of action, such as would be within the segregation rule or within the Macbeth continuous business rule, which was the actual issue in this part of the case, are entirely absent.

Petitioner has at no time contended that evidentiary facts or details of the evidence be set up in the findings of fact. Petitioner recognizes the sharp distinction between evidentiary facts, and ultimate facts in their legal effects.

Proof positive that the "findings of fact" in this case are totally deficient, is the opinion of the Court of Appeals. If, as the Court held, the function of "prevented from becoming too brittle", and the result produced, "a homogeneous body", are such ultimate facts from which it may be concluded "thus is within the claims of the patent", then such facts should have appeared in the findings of fact. Their absence proves the incompleteness of the present findings.

Also, the proven constituents of the MO_{37} and MO stencils are not stated, with their proportions.

Questions Nos. 3 and 4 Should Be Allowed.

There exists a diversity of views in the different Circuits as to the scope of the functions of the master; the Second Circuit giving him an open field; the Eighth Circuit narrowing his field to factual resemblances; the Third Circuit requiring the master to refer the new questions to the court; and the First and Seventh Circuits indicating the necessity of the filing of a new or supplemental bill of complaint on the new structure.

In the Second Circuit, "the master is bound to pass upon the question of infringement as to all devices brought before him on the accounting * *" (*Per curiam* opinion, *Louis Metzger & Co.* v. *Berlin*, C. C. A. 2, 1912, 194 Fed. 426). Infringement, in an equity case, is a mixed question

of law and fact. (*California Artificial Stone Paving Co.* v. *Molitor*, 113 U. S. 609, at 28 L. Ed. 1106 at 1109.)

"But the better practice seems to be for the court itself to decide all questions of infringement before the interlocutory decree is entered" (citing cases). (*Chicago Grain Door Co.* v. *Chicago, B. R. Co., et al.*, 137 Fed. 101, at 105.) In other words, a defendant is entitled to his day in court and can adduce prior art.

Question No. 5 Should Be Allowed.

In *Macbeth Evans Glass Co.* v. *L. E. Smith Glass Co.*, 21 F. (2) 553, Judge Thompson, on an accounting for the making and selling of automobile lenses in large quantities, stated at page 555:

> "While it may be stated as a general rule, that, when a part of the infringement resulted in profits, and a part in losses, the complainant is entitled to recover the profits, without deduction on account of the losses, as each infringement is treated by itself; but losses occurring concurrently with the gaining of profits should be taken into account, if they resulted from the particular transaction on which the profits are allowed. In other words, though called losses, they are really diminutions, which are taken into account in reaching the resultant profits of the sales, on which profits were made."

In the same case, the Court of Appeals (Judges Buffington, Woolley and Davis), Judge Woolley stated: "Being almost wholly in accord with the reasoning and judgment of the learned trial judge", and affirmed the amount of infringment profits, though it modified the judgment on points not of interest here.

The Duplate Corp. v. *Triplex Safety Glass Co.*, 298 U. S. 448, at page 458, opinion by Mr. Justice Cardozo, sets forth Section 5, from which the Court of Appeals in the instant case quoted, and later in its opinion said "princi-

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pally because the rule for accounting in situations like the present implicit in the decision of the Supreme Court in *Duplate Co.* v. *Triplex Co.*, 298 U. S. 448, precludes any results other than those arrived at" (R. p. 1662) namely, that: "the losses did not result from the particular transactions in which there were gains and, therefore, under the rule of *Duplate* v. *Triplex Co.*, 298 U. S. 448, 458, could not be used as an offset to the profits".

In the *Duplate* case the privilege of election was not contested by the defendants but it was argued that the costs could not be ascertained with precision. However, the thing decided was that as the defendants on their books had taken a fixed amount as an average cost, and "kept their books upon the method they decry, and measured loss or gain accordingly", the defendants were bound by that amount, and the election method or the segregation rule thus applied to them.

In view of this *ratio decidendi*, the preamble to that decision, Section 5 of the *Duplate* case, if extended beyond the facts of that case, constitutes dictum, and is not a rule controlling all accountings. This, we submit, is particularly so, as the cases cited in the preamble of Section 5 do not make the segregation rule applicable to every case.

An excellent opinion on the features of a business as applied in patent accountings and distinguishing between fictitious profits and business profits is by Judge Geiger in *Christensen* v. *National Brake & Electric Co.*, 10 F. (2) 856, 871.

Question No. 6 Should Be Allowed.

In *Davey Tree Expert Co.* v. *Frost & Bartlett Co.*, 300 Fed. 680, 681 (D. C. Conn. 1924) defendant and a corporation were parties defendant. The Special Master in the accounting proceedings included that other corporation. Judge Thomas reversed that holding: "I therefore con-

clude that an accounting of the profits derived by the Francis A. Bartlett Co. was not contemplated * * ". The court stated that the decree was a consent decree. The principle nevertheless is applicable to the present decree. The point decided was, what was contemplated by the decree. The court referred to *New York Grape Sugar Co.* v. *American Grape Sugar Co.* (C. C.) 42 Fed. 455, wherein an interlocutory decree finding infringement of a patent entered against the defendant corporation and certain of its officers and stockholders was involved. At the time the decree was entered, the other defendants mentioned, four brothers named Hamlin, controlled another corporation, and it was sought to have the brothers account for the profits derived by that other corporation. The court decided that it was *not intended by this decree* to have an accounting of the profits of the other corporation which the Hamlin's controlled.

In *L. P. Larson, Jr. Co.* v. *William Wrigley, Jr. Co.*, 20 F. (2) 830, 835, C. C. A. 7. 1927, the court held: "The District Court properly found that the accounting should not extend to the profits of this corporation. It was organized in Canada for the purpose of carrying on the gum business there; and while its stockholders were also Wrigley stockholders, and it handled there the Wrigley brands in very much the same manner as they were handled in the United States, it was a distinct entity, organized admittedly in good faith, and was not a party to this action."

The California corporation not being a party defendant in this case, the Accounting Master exceeded his powers by going beyond the intent of the decree.

V.

The Importance of the Questions.

I.—This case has a definite public interest. Some of our largest industries are based on the stability of the

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law of chemical patents. So important is this branch of the law, that it has induced much research and writing, of which the books cited below are only a few.[1]

The principles set up in the case at bar, contrary to the weight of authority, will be quoted and followed unless reversed, and bring about confusion in the law of chemical patents.

The extent of using the specification to construe product claims, has given much difficulty to the courts passing on patents. As examples, see *Aluminum Co.* v. *Thompson Products Co.*, 122 F. (2) 796 (C. C. A. 6). In *Musher Foundation* v. *Alba Trading Co.*, 150 F. (2) 885, the lower court took one view and the appellate court another view. Petition for certiorari in which the present point was not raised (*Alba Trading Co.* v. *Musher Foundation*, U. S. Sup. Ct., October Term, 1945, No. 500) denied. In *Sinclair & Carroll Company* v. *Interchemical Corporation*, 325 U. S. 327-335, the District Court construed the patent in one way, and the appellate court in another. Petition for certiorari granted, but decided on the question of invention.

In the two *Schriber-Schroth* cases, the Court of Appeals in each case read the specification into the claims, but this court in each case held the patent void for lack of invention. *Schriber-Schroth Co.* v. *Cleveland Trust Co.*, 311 U. S. 211, 85 L. Ed. 132, and 305 U. S. 57, 83 L. Ed. 39.

II.—If findings of fact now required in every patent suit be left to the winning side (see *Heyer Duplicator Company* v. *A. B. Dick Co.*, 54 F. [2] at 988 "Findings of law and fact * * * may be prepared by counsel for plaintiff * * * "), and the objections or the additional findings proposed by the loser be overruled, such findings form merely the scaffolding in support of the opinion. But if true findings of fact in accordance with the principles un-

1. Thomas, on Law of Chemical Patents. Biesterfeld, on Patent Law (chemical). Deller, Patent Law for Chemical and Metallurgical Industries.

derlying them, be made essential, then the litigants have an equal chance in the appellate court. It is of the highest importance to the practice and jurisprudence of patent law under Rule 52, that full and complete findings, particularly where expert evidence is involved, be required.

III and IV.—The incongruity of the practices in patent accountings in different circuits should be superseded by a rule uniform for all circuits in which the accounting master is confined to factual resemblances. As to new constructions, a defendant should be assured his day in court.

V.—If the segregation rule, electing the profitable sales and discarding sales which appear as losses on some accounting theory, is to be mandatory in all patent accountings, then industry should be so informed at the earliest.

VI.—We find no case in this court which passed on the intent of an interlocutory decree as applied to bringing in a new party.

Prayer.

Wherefore, your petitioner respectfully prays that a Writ of Certiorari be issued to the Second Court to the end that this case may be reviewed and determined by this Court, that the judgment of the Circuit Court of Appeals for the Second Circuit be reversed, and that petitioner be granted such other and further relief as may be proper.

Respectfully submitted,

C. P. Goepel,
Attorney for Petitioner.

Edward D. Bolton,
Of Counsel.

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Assignment of Errors.

The Circuit Court of Appeals erred:

1. In failing to follow under *stare decisis* its last previous holding that the prior art precludes any broad interpretation of the patent, and in giving this patent a broad construction.

2. In failing to give the patent a narrow construction as the claims in suit do not differ from the prior art which used a cellulose compound and a tempering agent of oil.

3. In disregarding the provisions of the patent, "such as an oil" and "castor oil or a similar oil" when construing the tempering agent element of the claim.

4. In holding that the patent did not require any oil.

5. In holding that the tempering agent is to be considered in its general meaning, and that the test of what is a tempering agent is not chemical but a practical one.

6. In holding that the homogeneity is practical, when a "homogeneous body" has the chemical meaning of a modified cellulose compound formed by an oil to make it substantially stable for the purpose intended, to wit: prevent the modified cellulose compound from dying too hard.

7. In holding that the earlier Shallcross infringement did not use an oil, when the court had said in the *Shallcross* case that "oleic acid commonly known as an oil", and when red oil was actually used and was defined as red oil both by the trial court in that case and by the Court of Appeals of the Third Circuit.

8. In holding that the "only teaching" of the patent is the percentage rule of the *Shallcross* case, when the

patent specification does not set out that rule, and the claims in suit do not so specify.

9. In holding that the scope of the claims and defendant's infringement are not determined by whether the tempering agent is an oil under a mere chemical definition, but whether it is "such as oil", and will prevent the pyroxylin enamel from drying too hard; and that petitioner's "tempering agents" fully answered the claims as heretofore defined by the courts.

10. In holding that the fact that the amylstearate used in petitioner's sheets does not precipitate the nitrocellulose as the "preferred" castor oil recommended in the specification does, but dissolves it and destroys its fibrous structure, is irrelevant.

11. In holding that the stencils charged to infringe have a "homogeneous body" and thus come within the claims in suit, when the claims do not so specify thereby importing an element into the broad claims in issue, and when there is not an iota of evidence to prove that defendant's composition has the "homogeneous body" of the patent.

12. In giving weight to Jepson's testimony given at the trial that amylstearate was an oily liquid, when Jepson testified he was not a chemist and the trial judge so stated, and when the opposing experts in the accounting proceeding agreed it was not an oil. A liquid having the viscosity of an oil, is not an oil, unless it has the fatty acids which compose an oil. The evidence in the accounting proceedings establishes that the amylstearate destroys the fibers of the cellulose compound, whereas there is no such evidence at the trial about the A F stencil. The experts also agreed that softening and tempering nitrocel-

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lulose were not the same thing. It was error to say that Jepson testified that amylstearate softened the nitrocellulose. Even if Jepson's guess be considered that the A F stencil contained some mineral oil and amylstearate, the A F contained a large quantity of oleic acid (red oil). It was error to say that mineral oil and amylstearate served to keep the nitrocellulose soft. It was error to misname the P. E. extract a liquid oily material. Error to say that defendant's expert Worden testified as stated.

13. In holding that it "does not follow that these ingredients (mineral oil and amylstearate) if, as found to be the fact, they served to keep the nitrocellulose soft would not act as a tempering agent". Here the court makes a *presumptio hominis.* The burden was on the respondent to establish this, and on this there is no satisfactory proof. In view of the evidence, one cannot infer from a soft nitrocellulose that a tempering agent was used. The evidence shows a marketable soft nitrocellulose, which remains soft and requires no tempering agent as the particular pyroxylin enamel of the patent does. It was error to affirm Grosvenor's and the Special Masters' misuse of the word tempered.

14. In holding that petitioner has infringed the claims in suit by the MO_{37} and MO stencils and such other stencils of which no proof was offered. The diversity of the MO_{37} and MO presumes that the other stencils were different. The plaintiff had the burden of facts in making up the case.

15. In holding that the MO_{37} and MO stencils came within Judge Patterson's decree. In holding that the oily material of the MO was practically the same as that of the Simplicator stencil, when the MO stencil did not

have oily material in the same percentage, its only oily material being the mineral oil. It was error to say that the MO and MO_{37} had wax. It was error to say that mineral oil and castor oil were the same, since their action is different. In the presence of a large quantity of amylstearate, the mineral oil does not act like the oil of the patent.

16. In holding that the findings of fact "covered the ultimate facts" of the case and were sufficiently specific.

17. In holding that the rule for accounting in situations like the present implicit in the decison of the Supreme Court in *Duplate Corp.* v. *Triplex Co.*, 228 U. S. 448, precludes any results other than arrived at, and in relying on a dictum of the *Duplate* case. In not holding that petitioner's final report was in accordance with the conduct of its business, that the business of selling stencils of various sizes was a continuous business, all relating to the same transaction and that the Macbeth continuous business rule applied where the losses in certain sales were diminutions of profits.

18. In holding that petitioner's sales were on a "quire" basis, when in fact though petitioner sold the sheets in the nomenclature of the trade as quires, the purchases and sales prices were determined by the sizes or square inch content. It was error to say that petitioner's stencils were not distinguished on his books.

19. In holding that the California corporation of which the defendant was the sole stockholder when he had divested himself of the stock by assignment immediately on the issuance of the stock, and in not finding the facts in "defendant's own testimony" on which the court relied. The stipulation referred to was made

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after the Special Master had included the California corporation, so the conclusion of the court is in error. The case cited, *Westinghouse* v. *Allis-Chalmers Co.*, 176 Fed. 367-368, is not in point, and differs in its facts.

The case of *Davey Tree Expert Co. et al.* v. *Frost & Bartlett et al.*, 300 Fed. 680, is the nearest case and should have been followed.

20. In not giving petitioner his day in court on the MO_{37} and MO stencils.

21. In failing to hold the claims in suit void as to the MO_{37} and MO as to which the validity was questioned.

Section 4888.

Sec. 4888 (U. S. C., Title 35, Sec. 33). Before any inventor or discoverer shall receive a patent for his invention or discovery, he shall make application therefore in writing, to the Commissioner of Patents, and shall file in the Patent Office a written description of the same, and of the manner and process of making, constructing, compounding, and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art of science to which it appertains, or with which it is most nearly connected, to make, construct, compound, and use the same; and in case of a machine, he shall explain the principle thereof, and the best mode in which he has contemplated applying that principle, so as to distinguish it from other inventions; and he shall particularly point out and distinctly claim the part, improvement, or combination which he claims as his invention or discovery. * * *.

Rule 52. Findings by the Court.

(a) Effect. In all actions tried upon the facts without a jury, the court shall find the facts specially and state separately its conclusions of law thereon and direct the entry of the appropriate judgment; and in granting or refusing interlocutory injuctions the court shall similarly set forth the findings of fact and conclusions of law which constitute the grounds of its action. Requests for findings are not necessary for purposes of review. Findings of fact shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge of the credibility of the witnesses. The findings of a master, to the extent that the court adopts them, shall be considered as the findings of the court.

(b) Amendment. Upon motion of a party made not later than 10 days after entry of judgment the court may amend its findings or make additional findings and may amend the judgment accordingly. The motion may be made with a motion for a new trial pursuant to Rule 59. When findings of fact are made in actions tried by the court without a jury, the question of the sufficiency of the evidence to support the findings may thereafter be raised whether or not the party raising the question has made in the district court an objection to such findings or has made a motion to amend them or a motion for judgment.

Statement as to Opinions Below.

Compliance with Rule 12 as to appending to statement, a copy of the opinion delivered on the rendering of the judgment sought to be reviewed is made by filing a copy of such opinion. The opinion is reported in 155 F. (2) 923 (advance sheets).

The earlier opinion in the same case of the District Judge is printed in the record on page 1143.

The Findings of Fact are printed on page 1154.

The final judgment is printed on page 1157.

The report of the Special Master is printed in the record on page 1084.

The opinion of Judge Patterson is printed in the record on page 76.

The Interlocutory Decree is printed in the record on page 79.

The earlier opinions on the same patent in related cases, (in which, however, petitioner was not a party) are listed as a group in the beginning of the Index of Cases of the Petition.

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IN THE

Supreme Court of the United States

October Term, 1946.

No. 504

JAMES MARR, doing business as MARR DUPLICATOR COMPANY,

Petitioner,

vs.

A. B. DICK COMPANY,

Respondent.

Brief for a Writ of Certiorari to the United States Circuit Court of Appeals for the Second Circuit.

C. P. Goepel,
Attorney for Petitioner.

Edward D. Bolton,
Of Counsel.

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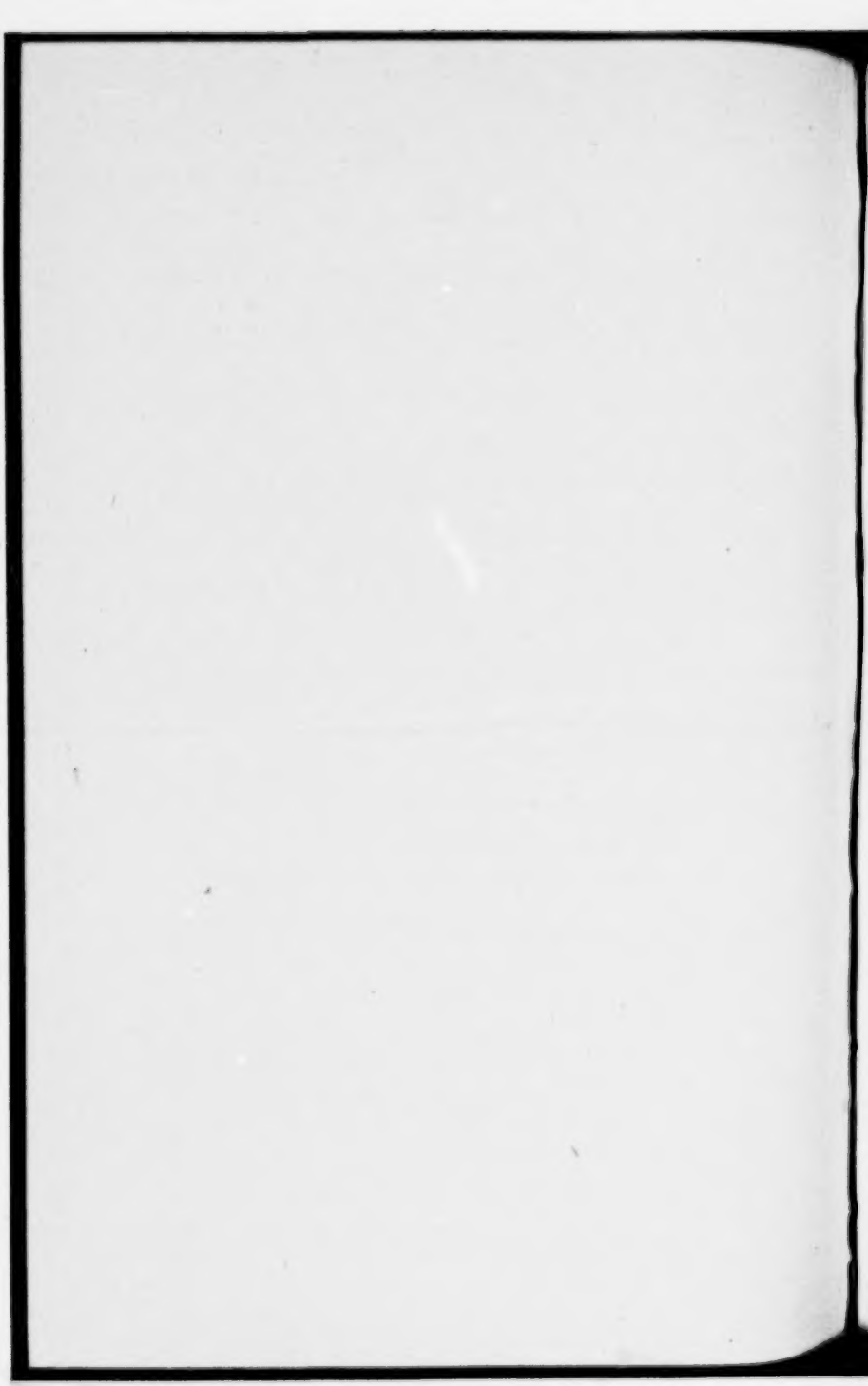

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1946.

JAMES MARR, doing business as MARR DUPLICATOR COMPANY,
Petitioner,

vs.

A. B. DICK COMPANY,
Respondent.

No. .....

Brief for a Writ of Certiorari to the United States Circuit Court of Appeals for the Second Circuit.

Summary of the Argument.

1. The claims in suit cannot extend beyond the specific concept disclosed.

2. They are not infringed by petitioner's separate and distinct organism based upon different constituents which neither work the same way, nor produce by their working the same result.

3. When the claims are construed beyond the disclosed oil concept, they are claims for the result of preventing the stencil becoming brittle and for the function of so-called tempering, and void.

4. The claims must stand as written, and the specification cannot be used to import qualifications into the claims in order to save them over the prior Campion patent, or to include petitioner's structure.

5. The findings of fact required by Rule 52 must state ultimate facts in their legal effects, with such subordinate or circumstantial facts as will enable the correctness of the ultimate facts to be ascertained.

6. On the form of the accounting, petitioner's business for the period of the accounting formed the infringing transaction, in which so-called losses are really diminutions of profit.

7. Petitioner's MO_{37} and MO stencils were not within the interlocutory decree ordering the accounting, and petitioner did not have his day in court.

8. The decree did not contemplate or intend to hold anyone but the petitioner.

ARGUMENT.

> "When things are called by the same name it is easy for the mind to slide into an assumption that the verbal identity is accompanied in all its sequences by identity of meaning. * * 'To know the justice of the particular case' * * one must know the case in its particulars." (*Lowden* v. *Northwestern Nat. Bank & T. Co.*, 298 U. S. 160, 165, 56 S. Ct. 696, 80 L. ed. 1114, 1117.)

The Patent in Suit.

The patent refers to the use of tempering agents such as sugar or glycerine as part of the state of the prior art.

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It then described pyroxylin enamel to consist of a cellulose compound and a solvent and zinc oxide, of a molasses-like consistency. As the solvent is volatile and evaporates, the pyroxylin enamel hardens. But when a tempering agent *such as an oil* (in distinction to the tempering agent such as sugar or glycerine) in an amount of 50% of such pyroxylin enamel is added, then the pyroxylin enamel will not dry "too hard, making the stencil undesirably brittle". Hill says: "I prefer to use castor oil or a similar oil forming a homogeneous body." ("Prefer" here means "to bring before, elect, select, choose.")

When castor oil is added to a cellulose compound the fibers become swollen due to the "precipitation" of the cellulose. The "homogeneous body" of the patent means then a precipitated cellulose of oil swollen fibers. As pyroxylin enamel of the patent contains zinc oxide, that element must undoubtedly perform an office in making the "homogeneous body".

Claim 2 reads as follows:

> "2. A stencil-sheet adapted for conversion into a stencil by the impact of type and the like thereon, the same comprising a base having a type-impressible *coating including a cellulose compound and a tempering agent.*"

Claim 18 merely substituted for "cellulose compound", the words "cellulose ester".

A cellulose ester is a cellulose compound. Nitrocellulose, also referred to in the patent, is a cellulose compound.

Petitioner's Alleged Infringing Stencils.

The constituent contents of the MO_{37} must be assumed, since respondent's witness declined to identify the

constituents positively, as 14.7% nitrocellulose, 11% mineral or paraffin oil, no wax, and about 34% of amylstearate (R. pp. 159, 185, 187, 193; 226, 228).

The constituent contents of the MO stencil is 9.82% nitrocellulose, 7.2% liquid paraffin oil, 3.6% solid paraffin, and 47.2% of amylstearate and stearic acid, positively identified without contradiction (R. pp. 361, 362, 365, 373).

Amylstearate is not an oil, as agreed by the opposing expert witnesses. It is not greasy, but has a dry feel.

Petitioner's expert witness testified without contradiction that amylstearate is a synthetic product of alcohol and stearic acid, is a non-volatile solvent of a cellulose compound, dissolves the compound and will not, like castor oil, precipitate the nitrocellulose to fibrous swollen form. The fiber structure of the cellulose compound is destroyed.

Construed Beyond the Oil Concept, the Claims are Void.

It is elementary that a chemical product claim must set forth in its terms characteristic indicia commensurate with the specification, by which it is distinguished from the prior art. Adding castor oil to celluloid (a cellulose compound), can have no other effect and produce no other result, whether such mixing is done by the earlier patent to Campion or by the patent in suit.

A true product claim must be described from the point of view of its end product, and not by any process step.

A claim for a coating including a cellulose compound and a tempering agent does not describe an end product. It describes a mere mixture of two ingredients without setting forth the effect produced by them. It merely continues the addition of the elements. An end product description would have been, for example, "a coating of a tempered cellulose compound", but such a claim was impossible on that specification, because no critical proportions were given as to where the tempering begins and ends. A soft cellulose compound is not a tempered

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cellulose compound, though tempered cellulose compound is soft. And is a cellulose compound almost hard, not known generally as soft, a tempered cellulose compound? This leads to the conclusion that no criterion was disclosed. The stencil of the patent, does not have the initial cellulose compound any more, and the tempering agent, having modified the initial cellulose compound, and having done its work, has merged into the cellulose in its precipitated state. The claim in issue is then incongruous to the end product, and void. (*Smith* v. *Murray*, 27 Fed. 69.) There is no description of the end product in the specification as an end product, by which it can be recognized and distinguished from any other end product.

The claims in suit were however defined in terms in the broadest monopolistic manner and without differentiation over Campion's patent of celluloid (cellulose) and castor oil. The patentee having elected such terms is bound by them and cannot be aided by importations of parts of the specification into the claim. ("The present condition of the patent law leaves no room for ambiguous language." *Merrill* v. *Yeomans*, 94 U. S. 568, 573, 24 L. Ed. 235.)

> " * * to hold that one who had discovered that a certain fibrous or textile material answered the required purpose, should obtain the right to exclude everybody from the whole domain of fibrous and textile materials, and thereby shut out any further efforts to discover a better specimen of that class than the patentee had employed, would be an unwarranted extension of his monopoly, and operate rather to discourage than to promote invention." *The Incandescent Lamp Patent* case, 159 U. S. 465, 476.

A functional claim is one that has for its subject the performance of an act merely, and not the means by which

that act is executed. It is not for a substantive thing, but for the result which that thing accomplishes.

The element "tempering agent" having the functional term "tempering" would permit it to be read as castor oil or oleic acid (red oil). This makes claim 2 synonymous with claim 7 which paraphrases claim 2, and substitutes "oil" for "tempering agent". As no alternative to oil has been disclosed in the specification, claim 2 when construed for something other than oil, is broader than the invention disclosed, and therefore void. This is particularly true since the patentee had referred to the prior art as having a tempering agent of sugar or glycerine and then says in connection with his invention, "such as an oil".

When "tempering agent" is construed as "other than oil" then "tempering agent" is for a function however produced which cannot be monopolized.

The Respective Concepts Are Different.

The prior Dick litigations imported a "large quantity" of oil into the claim to distinguish it from Campion to save the claim. This is tantamount to holding the claim invalid without such a restriction.

The opinion in the instant case stated, without questioning the factual content, that "amylstearate used in the defendant's sheets does not precipitate the nitrocellulose as the 'preferred' castor oil recommended in the specification does, but dissolves it and destroys its fibrous structure" is "quite irrelevant" (R. p. 1656). This chemical action was proven without contradiction. The court in rejecting this important chemical-physical action to irrelevancy overlooked the rule of equivalency, that two things to be the same, must have substantially the same means, work in substantially the same way, and produce substantially the same result by such working. The respective means (castor oil is a non-solvent oil, and amylstearate is a solvent non-oil

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and not greasy), are not the same, nor do they work the same, nor do they produce the same result by such working. For these reasons, this issue is relevant. Here is the crucial issue.

Much confusion exists in the law of patents from the use of the word "result". It is here wherein the Court of Appeals confused the general result of the function of "preventing the stencil from becoming too brittle", with the result (Professor Robinson prefers the word "effect") of the working of the means or element. If petitioner's stencils do not become brittle, that is due to factors altogether different from those inherent in the patentee's concept. As was well said in *A. B. Dick Co.* v. *Kensington*, 72 F. (2) 268, 270:

> "As has often been pointed out, no patent covers all the inventive conceptions of the patentee existing at the time when he procured it, but only such device, within the reasonable rule of equivalents applicable, as he describes and claims. *Outlook Envelope Co.* v. *Genl. Paper Goods Mfg. Co.*, 239 F. 877 (C. C. A. 2); *Loraine Development Co.* v. *Genl. Electric Co.*, 202 F. 215 (C. C. A. 2)."

Petitioner Does Not Infringe.

If the use of a small quantity of mineral oil infringes the claims in issue, then the patent is void over the earlier Campion patent. If the use of amylstearate infringes, then the claims are void under Section 4888.

Petitioner's stencils MO_{37} and MO did not have a large quantity of oil. They had a small quantity of mineral oil, 11% in the MO_{37} and 7.2% in the MO stencil. The Campion prior art had 6% of castor oil. The patent in suit sets forth 50% of pyroxylin enamel, thus about 33% of oil. The castor oil of the patent is a vegetable oil, it does not dissolve the cellulose compound. It does not readily

dry, and thus holds the cellulose compound soft for a long time when the cellulose compound is modified by the castor oil to fibrous form. But the large quantity of amylstearate of petitioner's stencil destroys the cellulose compound and being a nonvolatile solvent prevents the dissolved cellulose compound from returning to its initial collulose compound state, and so defendant's stencils MO_{37} and MO do not have the "cellulose compound" of the claim. As this solvent cannot be a tempering agent, since it does not hold the cellulose compound in its modified state, but destroys it, defendant's stencils do not have the tempering agent of the claims. The concept underlying petitioner's stencils is altogether different from the concept of the patent.

On Question No. 1.

When "tempering agent" is construed to mean "from becoming too brittle", or one forming "a homogeneous body", the broad claim is made a different claim than as issued. The former creates a claim covering every form of stencil however produced, the latter creates a specific invention which is in a different category than a broad invention. (*Westinghouse* v. *Metropolitan*, 290 F. 661, C. C. A. 2.) Both such interpretations read process into the product claim, and then the claim is confined to the process disclosed which petitioner does not use. (*Holland Furniture Co.* v. *Perkins Glue Co.*, 277 U. S. 245, 256-258.) There is no proof that petitioner used pyroxylin enamel which includes zinc oxide, or any oil in the proportion set forth in the specification.

When "tempering agent" is construed as a large quantity of oil, as in the *Simplicator* case, then a proportion is read into the claim to avoid the prior art Campion patent of celluloid (cellulose) and castor oil, and the claim is void. (*Ansonia Brass & Copper Co.* v. *Electric Supply Co.*, 144 U. S. 11, 18.)

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When "tempering agent" is construed as the "only teaching" or as "a small percentage of nitrocellulose and a large percentage of soft materials of an oily character", as was done in the *Shallcross* case (quoted in the instant case on R. p. 1652), then the claim is also void.

The instant case imported the function of "preventing the pyroxylin enamel from drying too hard" into the claim, and imported the chemical result of a "homogeneous body" into the claim, and excluded "oil" from the claim, in order to hold the MO_{37} and MO stencils.

It follows that Question I presents a very important and novel question of law and the broad claim, issued as too vague and too broad, and admittedly invalid, cannot be modified to save it, or hold an entirely different concept.

Cases of interest:

McLain v. *Ortmayer*, 141 U. S. 419;

Keystone Bridge Co. v. *Phoenix Iron Co.*, 95 U. S. 274;

The Incandescent Lamp Patent, 159 U. S. 465;

Westinghouse v. *Boyden*, 170 U. S. 537, 569 (cannot claim all effects);

Hunt, Helm, Ferris Co. v. *C. A. Libbey Co.*, 283 Fed. 58, at p. 60 ("quickly releasable" does not describe structure but a function);

Fulton Co. v. *Powers Regulator Co.*, 263 Fed. 578 at 582, C. C. A. 2 (cannot read specification into a claim);

Safety Car Heating Co. v. *Gould Coupler Co.*, 230 Fed. 848 at 850 (claims may be construed in the light of the drawings and specification, but cannot be broadened to include all matters, contained or stated therein. This would be substituting the specification for the claims as made);

Tyden v. *Ohio Table Co.*, 152 Fed. 183, C. C. A. 6 (functional, too broad);

Edna Brass Mfg. Co. v. *Wiltbonco Mfg. Co.*, 300 Fed. 36 (C. C. A. 1) (doctrine of equivalents does not apply as functions are different);

Heinbrink v. *McKesson*, 290 Fed. 665, 668 (claim void for function, citing *O'Reilly* v. *Morse*, 15 How. 62, 112; 15 Sup. Ct. 745; 39 L. Ed. 899).

On Question No. 2.

The *Esnault-Pelterie* case, 299 U. S. 201, on Court of Claims procedure, left open the question as to findings of fact in an equity case.

Rule 52 R. C. P. requiring a statement of facts to be filed with leave for the opposer to move for additional facts, was written against the background of the practice of formulating findings of facts. The great advantage advocated by the proponents of this Rule was that it would simplify appellate procedure, reduce the appeal record, save the time of the courts, and reduce the expenses to the litigants. It was long a part of the law that findings of fact are to be free of evidentiary facts, but are to contain the ultimate facts *in their legal effects*, together with such subordinate or circumstantial facts as to enable the correctness of the ultimate facts to be determined by the reviewing tribunal. When so stated, they are to stand unless clearly erroneous. To ascertain the facts is "not a mechanical act. It is a difficult art, not a science" (Judge Frank, in *U. S.* v. *Forness*, 125 Fed. (2) 928, C. C. A. 2).

It was urged by petitioner that the findings of facts in this case were incomplete, as well as erroneous, and did not state the ultimate facts. The Court of Appeals disposed of this contention by saying, "they clearly covered the ultimate facts and were not required to set forth the details of the evidence." In so holding, it overlooked the

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necessity of having the ultimate facts stated *in their legal effects*, with such circumstantial and subordinate facts to enable the correctness of the selection of the ultimate facts to be ascertained as required by this court (see *U. S.* v. *Esnault-Pelterie*, 299 U. S. 201, 205). Whatever may be the case in other branches of the law, in patent cases, no rule has been more honored in its breach than Rule 52. An authoritative pronouncement by this Court directed to equity practice in a patent case, will set the matter at rest.

Cases of interest:

Interstate Circuit v. *U. S.*, 304 U. S. 55, 56;
Mayo v. *Canning Co.*, 309 U. S. 310, 316;
Schneiderman v. *U. S.*, 320 U. S. 118, 128;
Ross v. *U. S.*, 12 C. Cl. 565, 571-2.

That clarification and uniformity is necessary, appears from

"Improvements in Statements of Findings of Fact and Conclusions of Law" by Judge Otis, 1 F. R. D. pp. 83-87 and by Judge Nordbye, 1 F. R. D. pp. 25-33.

On Questions Nos. 3 and 4.

III and IV.—Petitioner has been charged with a $4,000 fee for the Special Master. A Special Master should be strictly confined to the supervision of an orderly presentation of the complex accounts, separating the wheat from the chaff, in order to facilitate an examination of the resultant figures by the District Judge. He should not take the place of the judge and pass on questions of infringements. As only the *curia* is to decide what the law is, no question of what the law is should ever be left to a trier of facts for its answer (*curia jus noscit*). True, there may be cases where

the plaintiff at the trial proves typical instances of infringements as representative of a class. In such cases, the Special Master can readily determine whether any variant of that type is within or without that class by a comparison of the facts. If, however, plaintiff fails at the trial to bring in other charges of infringement than the type selected by him, plaintiff should be bound by that election. Otherwise, plaintiff's selection may be such as it believes gives it the best chance of sustaining the patent at the trial. Then having once sustained the patent, plaintiff can widen it in the accounting to include the very charges he was fearful of making at the trial and bar a defendant from proving prior art relevant to the new issue. At the trial of the instant case the sole issue was whether the three layer wax stencil was within an expired Dick wax layer patent. No stencil of the character of MO_{37} and MO was put in issue. The decree ordered an accounting of that wax A F stencil. True, the decree did not specifically mention it, but under settled rules it must be so understood. The totally different organisms of the MO_{37} and MO could not possibly come within the issue as determined by the decree.

Infringement is a tort. A defendant in a trial of a patent suit is entitled to be confronted with each and every device which is charged as an infringement. It is the duty of the judge to pass on all of such devices, and say "yea" or "nea". The profits for the former are to be accounted for.

Should after the entry of the decree other devices appear, the plaintiff has his remedy of either filing a new or supplemental bill, or a motion to expand the decree, or a motion for a contempt, and if the judge decides affirmatively in any one of these proceedings, he can instruct the Special Master to enlarge his accounting accordingly. The defendant then had his day in court, and had his oppor-

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tunity to explain with the aid of the prior art relevant to the new issue, wherein he did not infringe.

But in the instant case plaintiff sought none of these remedies. He induced the Special Master to pass on the new stencils, which were not judged by the trial judge to be infringements. The Special Master consistently declined to consider any prior art in explanation of the new stencils MO_{37} and MO. Petitioner, on an independent issue, could have raised other points, as prior inventors,[1] etc. These MO_{37} and MO types were totally different from the wax layer A F stencils held at the trial to infringe. Petitioner submits: the Special Master exceeded his power. From a simple accounting on the A F stencil, the proceedings became of unconscionable length and expense. In confirming that course, the District Judge in effect delegated his power, which should have been exercised initially and independently by him under one of the foregoing procedures.

The diversity of powers of an accounting master appears from the following cases.

The case of *Louis Metzger* v. *Berlin*, 194 Fed. 426 (C. C. A. 2) fixed the practice in the Second Circuit of a Special Master acting as a judge in matters of patent infringements of devices other than those put in issue at the trial.

In the First Circuit, the Court of Appeals in *L. S. Starrett Co.* v. *Brown & Sharp Co.*, 208 Fed. 887, 893, said: "* * Strictly speaking, however, since it appeared that the defendant had not made this device when the bill

1. Counsel considers it a duty to state that in the U. S. District Court, Northern District of Ohio, in *U. S.* v. *A. B. Dick, et al.*, the government, on July 22, 1946, made charges of suppressing evidence relating to the validity of the patent in suit, and with inducing others to suppress such evidence, and entered into agreements with them providing, among other things, for the payment by respondent of a substantial sum of money, and in consideration for these payments the other parties transferred to respondent certain property, including evidence tending to show anticipation of the Hill invention, and agreed to refrain from rendering assistance to any manufacturer other than respondent.

was filed, a supplemental bill or petition in regard to it would appear to have been necessary, in order to warrant the District Court in adjudging that it infringed * * We are not satisfied from the record that the defendant has had its day in court upon the question of infringement by its device No. 3, and hold, therefore, that for the purposes of accounting ordered, the question is an open one. We see no reason to doubt, however, that it is a question which may properly be presented and ruled upon by the master", citing *Hoe* v. *Scott*, 87 Fed. 220; *Walker Co.* v. *Miller Co.* (C. C.) 146 Fed. 249, 252.

In *Hoe* v. *Scott*, 87 Fed. 220, C. C. N. J. *supra*, it was held that the master cannot review the decree, cannot inquire into the prior art, and must report "findings" to the court. Here, again, arises the point whether such findings are to be mere conclusions, or the ultimate facts stated in their legal effects.

In *Walker Co.* v. *Miller Co.*, 146 Fed. 249, 252 (C. C. Penn.) 1906, *supra*, the court recognized that there may be cases where the differences are so great and the question of infringement is of such doubt that neither the master nor the court will feel justified in going into them, and where the complainant may properly be put to at least a supplemental, if not a new, bill. The Special Master having taken the view that he was confined to the thing decided to be an infringement, the court said: "It was also entirely in conformity with the established practice to bring this matter up by a motion for instructions, in the way that has been done, * * " citing cases.

In the Seventh Circuit, *Murray* v. *Orr & Lockett Hardware Co.*, 153 Fed. 369 (C. C. A. 7), it was stated that on new charges of infringement a supplemental or new suit should be filed: "We deem this to be the better practice because if an accounting before the master is extended to devices that have not been adjudged by the court to be infringements, a very great and unnecessary consump-

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tion of time, and burden of costs may be imposed on the parties."

The Eighth Circuit, by Judge Stone, in *Flat Slab Patent Co.* v. *Turner*, 285 Fed. 257, at 272, states that "the accounting master finds his sole authority within the boundaries of the order appointing him", and that he is to ascertain the amount due. "The problem of the master, therefore, in ascertaining whether a new construction is to be covered by the accounting, becomes one of comparison between that construction and the one declared to infringe. This comparison is along the lines of infringing elements or features." "The identity of such elements or features and the respect in which they constitute infringements can be found by the master sometimes in his report or more often in his opinion * * " Judge Stone thus emphasized the factual comparison of the thing decreed to be an infringement with the new construction appearing for the first time in the accounting, and by inference that the master had no power to judge questions of law.

On Question No. 5.

The instant case presents an open question as to the case of *Duplate Corp. v. Triplex Co.*, 298 U. S. 448, 56 S. Ct. 792, 80 L. Ed. 1274.

In the accounting proceedings, petitioner submitted accounts of its sales in accordance with its business practice, in which the stencil sheets were bought in large sheets on the square inch basis, and then cut to various sizes and sold, though called quires in accordance with trade usage. Innumerable sales were made under varying conditions, as over the counter, by salesmen, and under special conditions. Consequently, certain sales cost more to sell than others. The entire infringing transaction was a continuous one. The books were kept accordingly. *Without some sales others could not have been made, the sales occurring*

concurrently. The resultant profits of the entire infringing transaction resulted from all the sales. In a similar case, lenses were sold continuously, and the so-called losses were considered as diminutions of profits, though called losses. *Macbeth Evans Glass Co.* v. *L. E. Smith Glass Co.*, 21 F. (2) 553, 555; affd. 23 F. (2d) 459 (C. C. A. 3).

In *Duplate Corp.* v. *Triplex Co.*, 298 U. S. 448, 458, Justice Cardozo said: "There *may* be an acceptance of transactions resulting in a gain • • • " (italics supplied) and the *Macbeth* case repeatedly cited by the Justice was left to control situations in accordance with its facts. Petitioner contends, that when the *Duplate* case is read in the light of what was decided, then it justifies a holding that petitioner's facts bring the instant case under the Macbeth rule.

On Question No. 6.

The consideration for the issuance of the capital stock of the California corporation was the transfer of the assets of the California business of petitioner to that corporation (R. pp. 680, 763). Stock certificates representing 2,000 shares of the capital stock were issued in the name of the petitioner and immediately transferred by him by endorsement and delivery to Ellams' representative. Petitioner testified: "I just remember endorsing them on the back, and Mr. Carter, the Ellams' representative, has had the certificates ever since (R. p. 105). • • • The stock was never in my possession. It was put in front of me and I signed my name on the back of it. Mr. Carter took it. I never received the original certificates. I simply endorsed it on the back and left it with Mr. Carter (R. p. 127). • • • It was never returned to me (R. p. 128). • • • Mr. Carter formed the corporation, as I understand it and took the stock, and I was on the side" (R. p. 130). Thus, title to the stock passed upon the delivery of the certificates endorsed by petitioner.

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In *Early* v. *Richardson*, 280 U. S. 496, at 498, 74 L. ed. at 577 it is stated: "When Richardson bought the stock and received the certificates therefor, endorsed by the seller, title passed and the transfer was complete as between the parties."

The California corporation (Marr Duplicator Co. Ltd.) was not fraudulently formed for the purpose of evading any responsibilities. The corporation did not act as an agent for petitioner. Sales made by the corporation were not petitioner's sales. The corporation was not established in bad faith, nor as a screen or cloak to evade the decree. The decree had not been entered at the time the corporation was formed by Ellams, the creditor.

The plaintiff knew of the existence of the corporation. Plaintiff might have brought the corporation in as a party defendant. Plaintiff made his election.

The trial before Judge Patterson followed a stipulation of the parties. The complaint had been long filed and a motion for a preliminary injunction had been granted against a stencil known as the 530 A. It was stipulated that this injunction be made permanent against a waiver of profits and damages; and that instead of a supplemental bill of complaint being filed against another stencil later known as the A F stencil, the original bill would be brought to trial on that stencil. Petitioner contends that the consequences of the trial were confined to that stencil and did not include other stencils, and were confined to petitioner's acts and did not include the acts of another.

The case of *Westinghouse* v. *Allis-Chalmers Co.*, 176 Fed. 362, cited by the Court to sustain its position is not in point. Allis-Chalmers Co. owned or controlled absolutely the entire property and stock of another corporation ***which had been made party defendant*** and operated it as part of its own business.

The court below disregarded the principle of the *Davey Tree* and *Grape Sugar* cases, referred to in the petition, namely,—what did the decree contemplate or intend.

Conclusion.

On the record in this case, the Writ of Certiorari should be issued to the Circuit Court of Appeals for the Second Circuit to the end that this cause may be reviewed and determined by this Court.

Respectfully submitted,

C. P. GOEPEL,
Attorney for Petitioner.

EDWARD D. BOLTON,
Of Counsel.

New York, N. Y., September 12, 1946.

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IN THE

Supreme Court of the United States

October Term, 1946.

No. 504.

JAMES MARR, doing business as MARR DUPLICATOR COMPANY,

Petitioner,

vs.

A. B. DICK COMPANY,

Respondent.

Reply Brief of Petitioner.

C. P. Goepel,
Attorney for Petitioner.

Edward D. Bolton,
Of Counsel.

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No. 504.

REFUTATIONS AS TO THE QUESTIONS.

I.

Question No. 1.

Machine claims are usually combination claims (which admit the antiquity of the elements composing the combination). Such claims were involved in *Schriber* v. *Cleveland Trust Co.* from which respondent quotes on page 8. The three cases cited by Mr. Justice Stone in support of his statement were machine and process claims respectively. As the validity of such a claim depends upon the novelty of the result (effect) produced by the listed elements, the claim is naturally "read or interpreted in the light of the specification," which means nothing else than that the specification (which must be commensurate with the claim) is used to give further explanation to the succinct or condensed claim language. The specification is

the definition of the claim. This is altogether different from reading into the claim an element not set forth therein. The patentee could have written his claim to include such an additional element. He is estopped from departing from his election. Such an attempt to include a different concept violates the rule that "the claim is a statutory requirement prescribed for the purpose of making a patentee define what his intention is so distinctly and exactly as to apprise other inventors and the public, what is withdrawn from general use."[1] The reading of the claim "in the light of the specification" for general elucidation, does not justify the enlarging or narrowing of the literal terms of a claim to an extent inconsistent with their real meaning, as stated in connection with a machine claim.

A chemical product or composition of matter claim differs from such a machine or combination claim in this: That it must so clearly describe the end product that it may be immediately recognized in its differentiation over the prior art and in its warning as to what is being preempted. These stringent requirements are imposed because such a composition claim embraces all like products however produced.[2]

To further contrast a combination claim and a composition of matter claim the following analogy may serve. A combination claim may be compared to inductive reasoning, in that the conclusion of novelty in result (effect) is inferred from the listing of the known elements; whereas a composition of matter claim may be compared to deductive reasoning in that the conclusion (the entire novelty of the end product) is set forth, the reasons for said conclusion being inferred from, rather than being set forth, in said claim.

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1. Judges Wallace, Lacombe, Shipman in *Thomson Houston El. Co.* v. *Elmira and Horseheads Ry. Co.*, 71 Fed. 396, 404 (CCA 2).
2. Judge Frank wrote an excellent dissent discussing product claims in *Schering Corporation* v. *Gilbert and Bell*, 153 Fed. (2) 428, CCA 2.

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Respondent's position is that while "cellulose ester" of the claim (which does not describe the end product but only a chemical formula), includes a modified nitrocellulose (which results from the addition of castor oil to nitrocellulose in its volatile solvent, as in the patent), this element of the claim may be enlarged to include a destroyed cellulose ester (as results from adding a large quantity of amylstearate to nitrocellulose in solution). As to the other element of the claim, respondent's position is that while a "tempering agent" includes an oil without delimitation (as in the patent), this element may be enlarged to include a large proportion of oily material limited to its physical (not chemical) sense.

On this issue, petitioner replies that respondent thereby disclaims the claim as issued, with the consequent admission that it is invalid, and that the claim cannot be considered as re-written to include concepts different from the meaning of the elements of the patent; either for saving the claim over the prior art patent to Campion, or, for embracing competitor's stencil.

Thus, Question No. 1 goes to the root of chemical product or composition of matter claims.

Question No. 2.

To this most important question which goes to the root of every litigated case, no answer is made. Respondent contents itself with pointing to the findings themselves (R. Br. 9), which are put directly in issue by the question.

Questions Nos. 3 and 4.

Because the lower tribunals compared incidental features (the misnamed and irrelevant "oily liquid"), respondent says the question is moot. They should have compared the respective ingredients as to their identity,

working, and result produced by such working, in accordance with the principle of equivalency.

Upon the advent of the new MO_{37} and MO stencils into the accounting, the Accounting Master was confronted with the questions of law: What did the patent mean?[3] What did the decree mean? What did the A F stencil mean in the light of that decree? What did the MO_{37} and MO stencils mean in the light of the patent and decree?

No Special or Accounting Master should have that power. That power belongs to the Trial Judge. Thus Questions 3 and 4 are real and of the greatest importance, and their answer should assure a defendant his day in court and confine accountings to what the word accounting actually means.

Question No. 5.

Respondent takes the view that the *Duplate Corp.* v. *Triplex Safety Glass Co.*, 298 U. S. 448, controls every accounting.

Petitioner urges that the facts in a patent accounting control the application of the rule of law. Some facts require the segregation rule, another state of facts requires that the infringement be considered in its entirety.

That the *Duplate* case does not fit the facts exactly, follows from the use, by the court below, of the word "implicit".

Question No. 6.

The sole question is one of law.

Respondent admits it did not bring in directly the California corporation as a party defendant, so it seeks to hold it indirectly under the guise of a shell. There is no injustice or fraud to be prevented. Respondent had the right to sue the California corporation and obtain its

3. Judge Patterson apparently did not examine the claims. He wrote a different patent. He did not define tempering agent, in fact did not use the word.

recovery directly from it. The California corporation has a right to its day in court.

Conclusion.

The fact that the patent has expired[1] is immaterial and does not expatiate the contraventions to the permanent principles of law.

The "concurrent" findings followed from the paraphrasing of the dictum of an earlier decision of the same Court of Appeals Judge which later confirmed his earlier decision.

The importance and far-reaching character of the questions find no negation by respondent.

New York, N. Y., October 7, 1946.

Respectfully submitted,

C. P. Goepel,
Attorney for Petitioner.

Edward D. Bolton,
Of Counsel.

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1. *Rice & Adams Corp.* v. *Lathrop*, 278 U. S. at 515.

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No. 504.

REPLY BRIEF OF PETITIONER.

The Conflict.

The Second Circuit held in the *Shallcross* and in this case that a "tempering agent" need not be an oil.

The Third and Seventh Circuits did not follow this holding. They held that defendant's respective stencils each having an oil had a tempering agent. This was in conformity with the patent specification which says: "• • • a tempering agent such as an oil, • • • ", and "For this purpose I prefer to use castor oil or a similar oil • • • ". Respondent in the *Kensington* case urged that tempering agent is limited to a permanent oil.

Respondent says: that the patented coating has "soft oily material amounting to several times the amount of nitrocellulose" (R. Br. 3). But the Third and Seventh

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Circuits held that a tempering agent is an oil, irrespective of the amount. They made no distinction between the physical and chemical attributes of an oil.

The Second Circuit in this case held "in the light of the specification" that defendant had "The coating, whether castor oil or amylstearate be employed as a tempering agent, (which) forms 'with the cellulose ester and its solvent a homogeneous body', and thus is within the claims of the patent" (R. p. 1202). As amylstearate is not an oil, the Second Circuit went beyond the issue presented by the patent, and also enlarged the claim by reading the specific concept "of a homogeneous body" into the claim.

The Third Circuit when it said: " • • • in construing the claims with respect to defendant's oil practice—and that is all the court could validly do • • • " (46 F. 2 899) undoubtedly had the patent in mind. In other words, a tempering agent means a "castor oil or similar oil".

A composition of matter or product claim must be so defined as to stand on its own feet independent of the specification. As a product claim embraces all products, however produced, its characteristic features must distinguish from the prior art and clearly define the point of the invention. The chemical formula claim in suit does not distinguish from the prior art Campion patent, nor does it tell the public what the end product is which is sought to be monopolized. The decisions below are in conflict with these principles. The courts are powerless to change an issued product claim by construction.

The conflict in construction of the patent is evident from reading the opinions of the trial court, the Special Master, the District Court and the Court of Appeals, from which four opinions different constructions appear.

The Departure.

Validity of the patent in this case followed the *Shallcross* case (decided on affidavits), which followed the *Simplicator* case of the same circuit. But the *Simplicator* case made no reference to the claims here in issue and decided validity on extraneous matters.

The District Court at the trial in this case, made no reference to the claims, and set up a rule controlling infringement not described in the patent, and made no reference to tempering agent—much less defined it.

The Special Master on having the new stencils presented to him in the accounting under the Interlocutory Decree had no criterion as to "tempering agent" to follow. He followed the dictum in the *Shallcross* case as to a large quantity of oily materials. This is not the invention in the patent.

The District Court followed this theory of the Special Master, and held that the tempering agent was a large quantity of oily material. It referred to no subordinate facts establishing that the ingredients of defendant's constituents worked like the "tempering agent", or oil (irrespective of the amount) of the patent. It did not hold that amylstearate was the tempering agent of the patent. There was no satisfactory evidence to enable such a holding to be made. The uncontradicted and unshaken evidence of petitioner is that amylstearate is a solvent and not an oil, and therefore not the tempering agent of the patent.

The Court of Appeals read the chemical formula claim "in the light of the specification", but this product claim must stand on its own feet.

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The Novelty of Question 1.

The confusion in the Second Circuit resulting from this "light of the specification" doctrine is shown in *Schering* v. *Gilbert*, 153 F. (2) 428 (C. C. A. 2), (Judges Swan, Chase and Frank), where Judge Chase said at page 432, in respect to a product claim: "Said claim 2 is to be read on the specification and not as nothing but a chemical formula apart from its setting." Judge Frank in his dissent said, at page 435, "The precise position of my colleagues is not entirely clear".

Judge Frank then questions, at 434, the validity of a product claim (entirely apart from the process by which it is made), and says: "In *Binney & Smith Co.* v. *United Carbon Co.*, 125 F. (2d) 255, 258 (C. C. A. 4), the court, citing cases, said that unquestionably there could be a valid claim for a product alone regardless of the process; but that decision was reversed in *United Carbon Co.* v. *Binney & Smith*, 317 U. S. 228, where grave doubts are cast upon any such doctrine", referring to *General El. Co.* v. *Wabash*, and *Musher Foundation Co.* v. *Alba Trading Co.* cases, mentioned in petitioner's main brief. He said also: "If the statutory provision authorizing the issuance of a patent for a 'composition of matter' were interpreted to validate such claims, then that statutory provision might well be unconstitutional, since it would authorize the creation of monopolies which 'would discourage arts and manufacture'."

He also said: "For recent decisions of the Supreme Court indicate that it is extremely doubtful whether a broad claim which, standing by itself, would be invalid, can be saved by limiting it through reading into it the specifications, *where as here nothing in the claim in any way refers to the specification*" (p. 435) citing cases.

A product claim must present invention, *Berlin Mills Co.* v. *Proctor Gamble Co.*, 254 U. S. 156, 65 L. Ed. 196, 200.

Addendum.

The foregoing meets the issues. As respondent's brief questions some statements of fact made by petitioner, and makes some statements which we think should be questioned, we feel compelled to set the matter right.

R. Br. 1.—The Special Master did not make separate findings as inferred by respondent. The *Goodyear* case probably had satisfactory findings.

R. Br. 2.—The validity of the patent does enter into the present case, since the issue presented by MO_{37} and MO stencils is beyond the issue decided by the Interlocutory Decree. Respondent states "The patent has been held valid in three circuits"; but in the Third Circuit the defendant was bound by *res adjudicata*, and in the Seventh Circuit the *Shallcross* case was followed largely by comity. In the present case petitioner did urge invalidity of the patent, if extended to the MO_{37} and MO stencils.
stencils. (*Minerals S. N. A. Corp.* v. *Magma Copper Co.*, 280 U. S. 400, 403.)

In the present case, a different construction was given to the patent than in those cases where defendant used castor oil or oleic acid (red oil). In the present case, the trial judge, the master, the District Judge, followed the percentage rule of the *Shallcross* case, misapprehending it to mean "oily materials", and compared the P. E. extract (all the constituents of the coating grouped together, without the nitrocellulose) instead of comparing separately the ingredients. The Court of Appeals, while referring to that rule, decided the case on other grounds.

The *Simplicator, Arlac* and *Heyer* cases were limited to defendant's oil practices.

In the *Simplicator* case, the claims without a tempering agent were held invalid on the ground that they were

broader than the invention disclosed. On rehearing it was said that this was moot.[1] Nevertheless, respondent was under notice that its claims were too broad, and instead of disclaiming these claims, the patent continued to assert their validity. (*Marconi Wireless Tel. Co. of Am. v. U. S.*, 321 U. S. 1.)

R. Br. 3.—Under "Subject-matter of patent", appears a definition of the invention which is not found in the patent. If the coating must be "strong enough" and "fluid enough" and possess these "antagonistic qualities", the patent is silent as to their delimitations to instruct the public as to how strong or how fluid. The "soft oily material" cannot possibly change a hard nitrocellulose. This must first be subjected to a volatile solvent to soften and make it fluid, before the oil of the patent can act on it. The patent says "such as an oil" and "castor oil or a similar oil", and does not speak of "soft oily material" as the element to react on the nitrocellulose and its solvent. When castor oil is added to the nitrocellulose in solution, a chemical reaction takes place, in that the nitrocellulose is precipitated and forms oil swollen fibers (R. pp. 224, 412). Merely adding oil to nitrocellulose without such chemical action, to produce what is called a "physical combination" would present a mere unpatentable aggregation, in which each works as it always worked in a mixture form without the production of anything of patentable novelty. In confining the oil of the patent to "several times the amount of nitrocellulose", respondent disclaims oil and nitrocellulose, and thereby admits that the claim as drawn is invalid. A specific amount or a

1. *Addressograph-Multigraph Corp.* v. *Eva Cooper, et al.* (C. C. A. 2) decided July 18, 1946, where Judge Clark in his dissent said: "But I have seen no case which says that, when a court has gone on to decide a question now asserted to have been 'moot', its judgment is a nullity between the parties. Indeed, the idea is contrary to settled conceptions of *res judicata*."

"several times" cannot be read into the tempering agent of the patent.

If the "art knew what a tempering agent was", prior to the patent, there certainly was no invention in the patent.

Respondent says: "As pointed out in their various opinions, the courts concurred in finding that a tempering agent meant a relatively large proportion of a material, such an an oil, that is a material having the physical and not the chemical properties of an oil". But the cited *Shallcross, Arlac* and *Heyer* cases did not so hold.

The *Shallcross* case said: "the test of what is oil is not the chemical meaning of the word but its general meaning, so long as the ingredient serves the purpose of a tempering agent. Oleic acid is commonly spoken of as an oil and is a satisfactory tempering agent."[1] Thus, oleic acid, irrespective of its quantity, is the tempering agent. What a "general meaning" of an oil is, is not set forth.[2] The patent is addressed to a man skilled in the art of cellulose and oil. And oil is oil. (The word originates with olive.) And oil has three fatty acids of which the most liquid is oleic acid.

This "general meaning" must have given trouble to the Third Circuit. This *Arlac* case said "Evidently for the purposes of that case (*Simplicator*) the words 'tempering agent' were construed without limitation except as to function". The *Arlac* case held infringement irrespective of amount of oleic acid. In the *Heyer* case, the District Judge, whose opinion was adopted by the Seventh Court of Appeals, said: "defendant must face squarely the question whether or not oleic acid is a tempering

1. Oleic acid is called an oil in *Mineral Separation Co.* v. *Butte S. Min. Co.*, 250 U. S. 336, 63 L. Ed. 1019, 1023.

2. The Court decided the case on affidavits without benefit of cross-examination.

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agent, as defined in the patent." He said nothing about a proportion.

R. Br. 4.—Respondent says: The courts have "without exception adhered to this construction". We cannot find anything in the *Simplicator* case that defendant's stencil consisted of "a large proportion of castor oil". In the *Shallcross* case, a large proportion of oleic acid was referred to, but no statement appears in that case as "which has the physical but not the chemical properties of an oil". Nor does such a definition appear in the *Arlac* or *Heyer* cases cited by respondent to support its statement. "Not the chemical properties of an oil" as used by respondent, means no chemical properties at all. But, it is obvious, a part of an oil, like the important liquid part, to wit, oleic acid, must have *some* of the chemical properties of an oil.

R. Br. 4.—The *Kensington* case, called the Duplicating Machine & Supply Corp., 72 F. (2) 268, is described. Respondent says—"a stencil sheet containing a substance gelatin, which was claimed to be functionally equivalent to a cellulose compound and a tempering agent consisting in part of water (which has no physical or other resemblance to oil), was held outside the scope of the claims".

Respondent seems to have overlooked mineral oil, which has the physical and chemical properties of oil. The court said in the *Kensington* suit, "the alleged infringement consisted in the stencil sheet containing *no cellulose compound;* its ingredients were gelatin and a small amount of water, *a mineral oil* and iron pigment". Respondent in the *Kensington* case does not appear to have urged that the tempering agent had no chemical properties, but did urge quite the contrary, namely, that " 'tempering means' is limited to a permanent oil of non-hygroscopic character".[1] (p. 269).

1. This disclaimer of a non-oil resembles the disclaimer in *Mineral Separations* v. *Butte & S. M. Co.*, 250 U. S. 336, 352.

R. Br. 5.—Respondent says that the previous decisions construed "'tempering agent' to mean a substance such as an oil, that is one which has the physical, but not the chemical, attributes of an oil". The patent speaks of "tempering agent such as an oil" and not that the tempering agent means a "substance such as an oil". The decision (*Duplicating* case) does not make "plain in giving this meaning to 'tempering agent' • • • ". The decision simply said: "the claimed infringing stencil sheet contained a small quantity of nitrocellulose and oleic acid as a tempering agent". Respondent says: "Thus, the construction of the patent reached in all the decisions is exactly the same". By using "thus", respondent seeks to make it appear that its phraseology was the construction of the patent, whereas the courts simply held castor oil or oleic acid (red oil) to be a tempering agent without regard to its amount.[2]

R. Br. 5.—It says: "All three courts had before them evidence showing that oleic acid, while not chemically an oil, was physically of an oily nature". These records are not in this suit, and should not have been referred to. But, in the *Shallcross* case, Dr. Grosvenor testified for respondent, "As a matter of fact oleic is an oil" (p. 54), and "Oleic acid • • to all practical purposes behaves like castor oil • •." It certainly must act chemically as an oil.

R. Br. 6.—Respondent says: "The construction given to the patent • • • was identical in the two cases" (*Kensington, Shallcross*). But the *Kensington* case did not give the patent the construction which was given to it by the *Shallcross* case. The *Duplicating-Kensington* cases, did not say that an oil is not essential; nor did the *Kensington* case follow any of the extraneous matter of the *Shallcross* case.

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2. Excepting the erroneous *Shallcross* case.

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R. Br. 6.—" • • • the Master considered stencil sheets which, like that before the Court at the trial, • • • ". The Master did first consider the A F stencil under the decree, and when this was accounted for, respondent for the first time urged other stencils to be infringements, instead of filing a separate suit, or bringing the matter up on a supplemental injunction motion in which petitioner could have set up the prior art.[1]

The compositions were certainly not "substantially the same". Nor were the later stencils like the A F.

Respondent did not make any contention at the trial that mineral oil and amylstearate was the tempering agent in the claims, because the stencil was a wax layer stencil, and the amylstearate was used only in the nitrocellulose *varnish* over the wax, thus necessarily in very small quantity. These A F stencils had a very large quantity of oleic acid. The expired Dick patent described a varnish of nitrocellulose or gun cotton. Judge Patterson followed the Shallcross percentage rule (a small percentage of nitrocellulose and a large percentage of oily materials) saying the coating contains only 3.8% of waxy material, as against 7.1% nitrocellulose, 71.6% liquid oily material and small amounts of other materials". Nothing appears in the opinion as to what constituents made up the "liquid oily material". The court virtually wrote its own patent when it said that the Marr sheets "infringed the Hill patent because in their completed state the nitrocellulose is distributed throughout the coating and acts as a binder for the oily materials". The patent is silent about a binder. Elsewhere, the court had said: "the Marr sheet is one where the nitrocellulose, wax and oil form a homogeneous coating • • • " again departing from the patent. A homogeneous coating is not the "homogeneous

1. *Westinghouse* v. *Fornica*, 266 U. S. 342, permits prior art to be used to narrow the scope. But the Special Master declined to allow such prior art.

body" of the patent, since the "homogeneous body" in the patent is a chemical desideratum required from the use of a particular kind of oil, such as "castor oil or a similar oil", whereas any other kind of oil may make a homogeneous (mechanical) coating, and not a "homogeneous body" (chemical).

Judge Patterson's decision in this case, dehors the issues, is still open.[1]

But when the new stencil MO_{37} and MO came into the accounting, Dr. Worden for the petitioner testified without contradiction that a large amount of amylstearate prevents the nitrocellulose from precipitating, and that the amylstearate *dissolves* the nitrocellulose, and thus cannot be a tempering agent. The destroyed nitrocellulose is not the cellulose compound of the claim. As the Master, and the District Court followed Judge Patterson's opinion as to the liquid oily material percentage ratio, they did not compare the respective ingredients of the patent and of petitioner's stencils (MO_{37} and MO), the Master even declining to consider any chemical reactions. Neither the Master, nor the District Court, nor the Court of Appeals held that defense "contrary to the facts" (R. Br. p. 7). The Court of Appeals said that the destruction of the nitrocellulose fibrous structure, was irrelevant.

R. Br. 7.—The decisions at the trial and accounting did not construe the word "tempering agent" in the claims to mean a large proportion of a material having the physical characteristics of an oil and in finding that petitioner's material containing "mineral oil, amylstearate and wax was physically of an oily nature". In support of this erroneous statement, respondent cites the false findings 10-19.

R. Br. 11.—The testimony in the case being conclusive that the amyl compound is not oil, both experts in the

1. *Western States Machine Co. v. S. S. Hepworth Co.*, 152 F. (2) 79.

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accounting so testifying, respondent falls back on a statement made during the trial by a witness, who disclaimed knowledge of all chemical actions, and who was declared by the judge to be "not a chemist". He said that amylstearate was a liquid and of "an oily nature". Such a witness could speak of his impression of the viscosity attributes but not of the chemical attributes. This testimony of a layman adduced by respondent on cross-examination, as to the oily nature of the liquid, has no probative value.

Respondent has no other point to cling to than this layman's statement made at the trial.

Respondent states that all the courts concluded that tempering agent in the claims means a "*large* proportion of a material, such as an oil" (R. Br. 8). Respondent in defining the "Subject matter of Patent" (R. Br. 3), states that the coating consisted of a cellulose compound—nitrocellulose, which is ordinarily a hard substance such as celluloid— and soft oily material amounting to *several times* the amount of nitrocellulose (R. Br. 3). It reiterates, "a relatively *large* proportion of a material, such as an oil" (R. Br. 3-4); a "*large* amount of castor oil" (R. Br. 4); a "*large* proportion of oleic acid" (R. Br. 4); and a "*large* proportion of a material" (R. Br. 7).[1]

Respondent urges for the first time that oil is to be considered only physically instead of chemically.

These are undisclosed specific concepts of invention.

Perhaps, "tempering agent" may be narrowed on the disclosure in the specification to oil or castor oil, but the amount of oil does not determine the tempering agent as such. A thing is either a tempering agent or it is not. Whether the quantity is large or small, the characteristic of a tempering agent is not changed. Respondent's above

1. These restrictions disclaim the claim as written and limit the doctrines of equivalents. *Weber El. Co.* v. *Freeman*, 256 U. S. 668, 678.

self-imposed restriction of the tempering agent to a "large quantity" proves the invalidity of the claim as issued—a cellulose compound and a tempering agent.

Tempering agent cannot be enlarged to a specific amount of oil—either large or small—as this is inconsistent with the meaning of tempering agent generally. Indeed, this amounts to rewriting the claim to this specific concept, which the patentee might have claimed but did not.

The "means" of the patent (R. Br. p. 8) is the "tempering agent", that is, castor oil or a similar oil. It is not the large proportion.

However, when we speak of "a large proportion" of such oil rather than of oil without reference to the amount, we immediately create a different means than that set forth in the claim.

And the Third Circuit and Seventh Circuit have held oil (oleic acid) to be the tempering agent of the patent. Neither opinion qualified that holding by mentioning any "large proportion". The Second Circuit (*Simplicator* case) held defendant's stencil to have a tempering agent, without defining it, and without stating anything about a large proportion (Judge Woolley in the Third Circuit states that it was castor oil without any reference to its amount). The Second Circuit (*Shallcross* case) did state that defendant's stencil uses a "large amount of oil". But the important fact here is "oil". The quantity used here is irrelevant, as the claim reads "tempering agent", which is the aforesaid means, irrespective of the amount.

The Findings Are Not Complete.

Respondent on page 6 defines the trial or A F stencil as containing "wax, amylstearate, and mineral oil", citing record pages 38, 63, 64. But Jepson, on page 38 stated that "there are 39 parts of ordinary common known waxes

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and there are 42 parts of oils and fats", and on page 39 states "Is there anything else in it besides wax, oil, nitrocellulose and Yoshino? A. No. I do not think so. Color, that's all" (fol. 117).

Judge Patterson, at the trial said it was "nitrocellulose, wax and oil" (R. p. 78). He made no reference to amylstearate or mineral oil. He made no separate findings.

On page 63, Jepson said that he included amylstearate in the "oils and fats" (fol. 189), and on page 64 he states he included "spindle oil" (mineral oil) in the "oils and fats" (fol. 192). There is nothing in the finding to show the 39-42 ratio of "waxes" to "oils and fats", and no reference is made to "fats".

Nor does the finding on the A F stencil include oleic acid (red oil).[1] Respondent's expert made his *prima facie* case on oleic acid (red oil). On record, page 14, folio 42, the expert explains the action of the oleic acid on the nitrocellulose, and on page 15, folio 44, he compares the "slightly more impure oleic acid" of the A F or trial stencil, with a "quite pure grade of oleic acid which we had in the laboratory." He made no mention of amylstearate and spindle oil, as the quantities were probably so small as to be negligible.[2]

To state that the A F stencil contained "wax, amylstearate and mineral oil" (R. Br. 6 and the finding) is to state the facts only partially. When petitioner moved for a full and true statement of the facts, he was informed that he was asking for "evidential details".

Respondent states that in the accounting the stencil sheets "contained mineral oil, amylstearate and wax", and says the findings on the MO_{37} and MO stencils so state.

---

1. Oleic acid is the chemical liquid constituent of a fat or oil.

2. Petitioner could not make the "defense" referred to by respondent on page 7, because respondent's case was based on oleic acid. The reference to amylstearate and spindle oil was elicited by respondent's cross-examination of a layman, who read from a paper.

But these stencils contained no "wax" in the sense of the A F stencils. They did contain amylstearate in a large proportion. They contained no fats (R. Br. 401, fol. 1293). They contained no oleic acid. (The MO_{37} had only a negligible amount of less than one per cent.) The findings did not state the proven proportions of the amyl compound, mineral oil, and nitrocellulose. Again, the statement of respondent (R. Br. 6) and the MO_{37} and MO findings are fragmentary of the true facts.

It is not going too far to state that the findings (on the A F, MO_{37} and MO stencils) are false in the face of the proven facts (R. p. 14, fol. 42; p. 15, fol. 44; p. 39, fol. 117; p. 194, fol. 582; p. 502, fol. 1505; p. 525, fol. 1573).

Yet they should be undisturbed, argues respondent, because infringement is a "question of fact" (R. Br. 9). The four authorities cited are all law cases. In a law case, the judge informs the jury what the invention of the patent is, and then leaves it to the jury to compare defendant's structure with that definition, as stated in one of the law cases cited, *Coupe* v. *Royer*. But in an equity case, infringement is a question of law and fact. The *California Packing Co.* v. *Molitor* case cited in the Petition stated this elementary principle. Under *Sanitary Ref. Co.* v. *Winters*, 280 U. S. 30, 36, it is a question of law. Moreover, an equity case brings up all the facts in contrast to a law case which is confined by its writ of error. (*Radio Corp. of Am.* v. *Radio Eng. Lab.*, 54 S. Ct. 752; 78 L. Ed. 1453.)

Question 2, however, goes much deeper than the question of fact stated by respondent on page 9. In any event, complete facts must be stated. Are partial facts or similar incidental facts sufficient to bind a party throughout the appeals? Do such facts become sanctified because of the inertia of a trial judge or by the pressure of work of an appellate court? The *Esnault-Pelterie* case required

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the facts to be full and complete in a law case. There is no sound reason why in an equity case they should not be as complete.

Respondent's Brief, Page 10.

Paragraph 3 of the decree required an accounting of the infringements of the claims by the stencil held to infringe at the trial, to wit: the A F stencil. This stencil was largely oleic acid (red oil), fats, waxes, the proportions not proven by respondent. Also some amylstearate and some spindle (mineral oil), if Jepson's testimony has any value.

The MO_{37} stencil was largely the amyl compound (amylstearate and stearic acid), (35%), mineral oil 7% and paraffine (not a wax but loosely called paraffine wax), no fats, no waxes, no oleic acid save an admittedly negligible amount.

The MO stencil was largely the amyl compound, 42%, mineral oil 7%, paraffine, no fats, no waxes, no oleic acid.

By no stretch of the imagination can the MO_{37} and MO stencil be considered colorable imitations of the A F stencil when element by element is compared.

The questions presented, Nos. 3 and 4, are real and not moot.

Holding the MO_{37} and MO stencils colorable of the A F was based on an error of reasoning. Because the solution or extract of the chemical constituents other than nitrocellulose was misnamed an oily liquid, proper as applied to the A F oleic acid or red oil in large quantity, but inaccurate when applied to the MO_{37} and MO stencils which had mineral oil only in the small percentage of 7%, therefore it was concluded that the stencils were colorable imitations. Such a consideration was entirely foreign to the issue raised by the claim in issue.

Respondent (R. Br. 10 and 11) seeks to impugn petitioner's statements (Pet. B. 4, 6, 7, 8, 12) but admits that amylstearate is a solvent rather than a softener for nitrocellulose, citing R. pp. 225, 596-598.

Respondent's other statements on page 11 are not material. The record, pages 205, 251, 418, does not bear out the statement that amylstearate is chemically similar to castor oil. It is not. That statement rests only on the evidence cited, namely, that castor oil is an ester (R. p. 251, fol. 752) and amylstearate one of the aliphatic esters (R. p. 205, fol. 615). But these are totally different esters. The controlling fact, appearing on the cited page 418, is that amylstearate is not an oil. Castor oil is a vegetable oil made from the castor bean. Castor oil of the patent softens and does not dissolve nitrocellulose (R. p. 577, fol. 1731).

The reference to iso-amylstearate in respondent's brief (p. 11) relates to questioning as to smell. The presence of 42% of amyl compound was so indisputably proven that the Special Master held petitioner's analysis of the MO stencil to be without question (R. p. 502).

As to the MO_{37}, respondents' own witness admitted it had an amylstearate content of about 35% (R. p. 194, fol. 582).[1]

Petitioner's statements in the Petition (Pet. B. pp. 4, 6, 7, 8, 12) are fully supported by the record.

Respondent's Brief, Page 13.

The factual statements of Mr. Marr were not contradicted. It is not unusual for a new corporation to employ employees familiar with the business. All of respondent's statements (R. Br. pp. 12-14), relate to the penumbra, not to the ambit of the question.

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1. In view of these facts, it is astonishing to read the top of page 11, and then find that support for the statement made rests on some smelling tests after the witness had testified about his analyses which the Master had held uncontradicted.

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The Special Master's gratuitous conclusion (R. Br. 13) resulted from jurisprudence of sentiment or feeling ("there is no question in my mind"), and not from the undisputed facts. Agency must be established by facts. Facts may establish an alter ego relationship, but "really alter egos" implies a guess (R. Br. 13).

The facts stated in Question 6 are based upon the testimony adduced from Mr. Marr by respondent's counsel. 1. "The California corporation was incorporated by the creditor of Mr. Marr's former California business" (R. p. 97, fol. 290; p. 104, fol. 311; p. 126, fol. 377; pp. 127, 128, 129). 2. "Divested himself of all the incorporating stock at the time of the incorporation" (R. p. 97, fol. 290; p. 105, fol. 314; p. 127, fols. 380, 381; p. 128, fols. 382, 383; p. 130, fol. 389). 3. "Never thereafter voted the stock" (R. p. 130, fol. 389). 4. "Never attended any stockholders' meeting" (R. p. 128, fol. 383).

There were no records of the corporation in evidence which contradicted these facts, as alleged in R. Br. 12. The question does not include the partial erroneous facts relied upon in the opinions.

The citations to the record in R. Br. 13, to-wit, pp. 97, 100, 104, 130, do not support respondent's statement that "official records show that the petitioner organized it and remained the sole stockholder".

The references to intercompany and intersales (R. Br. 13) by the accountant were made after the Special Master had ruled against the petitioner in holding that the California corporation was to account. Loose statements by an accountant under such circumstances have no legal value.

The stipulation referred to on R. Br. 13, made by the Special Master and the quoted portion of counsel's statement were made after the Special Master's ruling that the California corporation was to account, and only in

the light of a discussion as to saving expenses. The statement was not to be construed as an admission.

Nothing urged by respondent changes the correctness of the facts stated in Question No. 6.

The cases where an individual incorporates, as the *Diamond Drill* case, have no application. In the case at bar, the individual had no stock control over the corporation (R. p. 109, fols. 326, 327).

As to respondent's claim (R. Br. 14) that the profits would inure to petitioner; this is impossible as respondent could collect them by suit against the California corporation.

New York, N. Y., October 9, 1946.

Respectfully submitted,

C. P. Goepel,
Attorney for Petitioner.

Edward D. Bolton,
Of Counsel.

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1946.

No. 504.

JAMES MARR, doing business as MARR DUPLICATOR COMPANY,

Petitioner,

v.

A. B. DICK COMPANY,

Respondent.

BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

ROBERT W. BYERLY,
RALPH M. WATSON,
Counsel for Respondent.

Pandick Press, Inc., 22 Thames St., New York 6, N. Y., U. S. A.

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Stockham v. *Duncan*, 226 Fed. 740, 742 10
Triplex Safety Glass Co. v. *Duplate Corporation*, 10 F. Supp. 420, 423 12
United Carbon Co. v. *Binney & Smith Co.*, 317 U. S. 228 9
U. S. v. *Esnault-Pelterie*, 299 U. S. 201, 205 9
United States v. *Anciens Etablissements*, 224 U. S. 309, 322 9
Walker Patent Pivoted Bin Co. v. *Miller et al.*, 146 Fed. 251 10
Westinghouse v. *Boyden Power Brake Co.*, 170 U. S. 537, 568 8
Westinghouse Electric & Mfg. Co. v. *Allis-Chalmers Co.*, 176 Fed. 362, 367, 368 14

OPINIONS BELOW.

A. B. Dick Co. v. *Marr*, 48 F. Supp. 775.
A. B. Dick Co. v. *Marr*, 155 F. (2d) 923.

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1946.

No. 504

JAMES MARR, doing business as MARR DUPLICATOR COMPANY,
Petitioner,

v.

A. B. DICK COMPANY,
Respondent.

BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

The opinions below are reported at 155 F. (2d) 923 (C. C. A. 2) and 48 F. Supp. 775 (D. C., S. D. N. Y.).

The decision which the Petition asks this Court to review is an affirmance of a final judment in a patent case entered at the conclusion of an accounting and awarding $18,799.40 as profits made by the petitioner in infringing the patent before its expiration.

The judgment contains no injunction as the patent had expired before it was entered (R., p. 1157).

The decision is supported by concurrent findings of fact of a master, a district court and a circuit court of appeals (R., pp. 1085-1120, pp. 1152-1156, pp. 1196-1206; see *Goodyear Tire & Rubber Co.* v. *Ray-O-Vac Co.*, 321 U. S. 275, 278).

SUMMARY OF ARGUMENT.

1. The validity of the patent is not in issue in the present case. The patent has been held valid in three circuits. In the present case, the petitioner has not questioned the validity in any of the proceedings below (R., pp. 3, 1198; 155 F. (2d) 925).

2. There is no conflict of decisions on the patent. In the present case, the trial judge, the master, the judge who passed on the master's report, and the circuit court of appeals all gave to the patent the same construction that had been given to it in four previous circuit court of appeals decisions in three circuits (*Infra*, pp. 2-7).

3. No novel or undecided questions of law are raised (*Infra*, pp. 7-14).

THERE IS NO CONFLICT OF DECISIONS ON THE PATENT.

The patent has been sustained by the circuit courts of appeals of three circuits after a full examination of prior patents and alleged prior uses (*A. B. Dick Co.* v. *Simplicator Corp.*, 34 F. (2d) 935, 936-940, C. C. A. 2; *Arlac Dry Stencil Corp.* v. *A. B. Dick Co.*, 46 F. (2d) 899, 900, 902, C. C. A. 3; *Heyer Duplicator Co.* v. *A. B. Dick Co.*, 59 F. (2d) 787, 788, C. C. A. 7), and found by each of them to cover a meritorious invention. The claims here in issue have been held valid, and no claims of the patent have been adjudged invalid (*A. B. Dick Co.* v. *Simplicator Corp.*, 34 F. (2d) 935, 941; see *Ensten* v. *Simon, Ascher & Co.*, 282 U. S. at page 453). The courts have scrupulously limited the patent in accordance with the terms of its claims:

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Subject-matter of patent: A stencil sheet has a base of open tissue paper through which ink will pass freely. This base is covered with a coating which is impervious to ink. The coating must be strong enough to permit handling of the sheet and introducing it into various machines. At the same time, the coating must be fluid enough to be pushed aside by the type of a typewriter without tearing the fibres of the tissue paper base. This permits the typewriter type to make openings in the coating corresponding to the face of the type and leaves the tissue paper fibres extending across the openings to hold in the centers of the O's and other loop letters.

The stencil sheet described in the patent in suit had a coating possessing these two antagonistic qualities to a degree not previously obtained. The coating consisted of a cellulose compound—nitrocellulose, which is ordinarily a hard substance such as celluloid—and soft oily material amounting to several times the amount of nitrocellulose. These ingredients did not react chemically but entered a physical combination providing a coating which was at the same time strong and easily pushed aside.

Claims construed by courts: The claims of the patent here in issue describe the coating as consisting of a "cellulose compound" or "cellulose ester" (both accurate descriptions of nitrocellulose) and a "tempering agent". The latter expression was well understood in the stencil art ("The art knew what a tempering agent was" *Arlac Dry Stencil Corp.* v. *A. B. Dick Co.*, 46 F. (2d) 899, 901, C. C. A. 3), and the courts easily ascertained its meaning from the specification of the patent. As pointed out in their various opinions, the courts concurred in finding that a tempering agent meant a relatively large proportion of a material

such as an oil, that is, a material having the physical, but not necessarily the chemical, properties of an oil (*A. B. Dick Co.* v. *Shallcross Co.*, 42 F. (2d) 169, 171, C. C. A. 2; *Arlac Dry Stencil Corp.* v. *A. B. Dick Co.*, 46 F. (2d) 899, 901, C. C. A. 3; *Heyer Duplicator Co.* v. *A. B. Dick Co.*, 59 F. (2d) 787, 788, C. C. A. 7).

In applying the claims to various alleged infringements which were brought before them, the courts have without exception adhered to this construction of the claims. A stencil sheet containing a cellulose compound and a tempering agent consisting of a large proportion of castor oil was held an infringement (*A. B. Dick Co.* v. *Simplicator Corp.*, 34 F. (2d) 935, C. C. A. 2). Stencil sheets containing a cellulose compound and a tempering agent consisting of a large proportion of oleic acid, which has the physical but not the chemical properties of an oil, were held infringements (*A. B. Dick Co.* v. *Shallcross*, 42 F. (2d) 169, 171-172, C. C. A. 2; *Arlac Dry Stencil Corp.* v. *A. B. Dick Co.*, 46 F. (2d) 899, 902, C. C. A. 3; *Heyer Duplicator Co.* v. *A. B. Dick Co.*, 59 F. (2d) 787, 788, C. C. A. 7).

On the other hand, a stencil sheet containing a substance, gelatin, which was claimed to be functionally equivalent to a cellulose compound and a tempering agent consisting in part of water (which has no physical or other resemblance to oil), was held outside the scope of the claims (*A. B. Dick Co.* v. *Duplicating Machine & Supply Corp.*, 72 F. (2d) 268, C. C. A. 2). It is significant that this decision of the Circuit Court of Appeals for the Second Circuit passed on two stencils, one of which contained a cellulose compound and a tempering agent consisting of oleic acid, and the other of which contained alleged equivalents of the elements specified in the claim. While the court said

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> "No doctrine of functional efficiency can be extended to give to Hill a monopoly so as to include a stencil having a binder and a tempering agent which is different from that used by Hill" (72 F. (2d) 270),

it nevertheless held the patent infringed by a stencil sheet which contained "oleic acid as a tempering agent" (72 F. (2d) 269, 270), thus making it entirely clear that it adhered to its previous decisions construing "tempering agent" to mean a substance such as an oil, that is, one which had the physical, but not the chemical, attributes of an oil. The decision also makes plain that in giving this meaning to "tempering agent", the court was not applying the doctrine of equivalents but merely giving to a term used in the claim its natural meaning. Thus, the construction of the patent reached in all the decisions is exactly the same.

In seeking to find a conflict where there is no conflict, petitioner is forced to rely on minor verbal differences. Thus, in the seventh circuit the court described oleic acid as material "such as oil" (59 F. (2d) 788), in the third circuit the court referred to it as "oil" (46 F. (2d) 902), and in the second circuit the court applied both of these expressions to oleic acid (42 F. (2d) 171, 172; see Pet., pp. 9, 10). All three courts had before them evidence showing that oleic acid, while not chemically an oil, was physically of an oily nature. Whether such a substance should be termed "an oily material" or "an oil" is a purely subjective question. The two terms have the same meaning as applied to oleic acid.

The other verbal difference to which petitioner calls attention (Pet., p. 7) is also merely subjective. A court, faced with too broad a construction sought by the plaintiff, referred to the patent as "narrow", while a court faced with too narrow a construction sought by the defendant,

referred to the patent as "broad"; but the construction given to the patent, though differently characterized under different circumstances, was identical in the two cases.

Proceedings in the present case: After petitioner's stencil sheet with an oleic acid tempering agent had been held to be an infringement on motion for preliminary injunction, petitioner stipulated infringement as to this sheet and agreed that the trial court should consider a later stencil sheet of petitioner (R., pp. 3, 4). This stencil sheet, according to petitioner's witness at the trial, contained wax, amyl stearate and mineral oil (R., pp. 38, 63, 64). It was held an infringement in the interlocutory decree entered after the trial. In the accounting ordered by the interlocutory decree, the Master considered stencil sheets which, like that before the court at the trial, contained mineral oil, amyl stearate and wax.

The only difference in the issues presented at the trial and in the accounting arose, not from a difference of composition of the tempering agents of the stencil sheets considered (for these were substantially the same), but from a difference in the positions taken by petitioner:

> (1) At the trial, petitioner made no contention that the presence of mineral oil and amyl stearate in its stencil sheet took this stencil sheet outside the term "tempering agent" in the claims. His only defense at the trial was that the method of manufacture used for making petitioner's stencil sheets was like that described in an expired prior art patent, the so-called Dick wax layer patent (Pet. Br., p. 12). The trial court found this defense contrary to the facts and without merit (R., p. 76).
>
> (2) Before the Master, petitioner claimed that the presence of amyl stearate in its stencil sheets

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prevented the material such as oil which they contained from having the mode of operation of the tempering agent included in the claims of the patent. This defense, which could have been, but was not, made at the trial, was held by the Master, the District Court and the Circuit Court of Appeals to be contrary to the facts and without merit.

The decision at the trial and the decision on the accounting were alike in construing the words "tempering agent" in the claims to mean a large proportion of a material having the physical characteristics of an oil and in finding that petitioner's material containing mineral oil, amyl stearate and wax was physically of an oily nature (See Findings 10-19, R., pp. 1154-1155).

THIS CASE RAISES NO NOVEL OR UNDECIDED QUESTIONS OF LAW.

Petitioner's Question 1 (Pet., p. 5).

This question relates to the construction of patent claims. Petitioner's argument under it (Pet., pp. 8, 9; Pet. Br., p. 13) is really an attack on the validity of the patent and all the decisions which have sustained the patent. Petitioner contends that the words "tempering agent" used in the claim to define one element of the claimed combination is functional and too broad, and that all the courts which have considered the patent erred in construing the claims in accordance with the specification.

In one sense, the expression "tempering agent", like many common words used in patent claims, *e.g.*, clamp, support, emulsifying agent, etc., has a functional significance. The incidental functional significance of such terms has never been held objectionable. It serves merely to rein-

force the established law that identity of mode of operation must be shown to establish infringement (*Machine Co.* v. *Murphy*, 97 U. S. 120, 125; *Bates* v. *Coe*, 98 U. S. 31, 42; *Westinghouse* v. *Boyden Power Brake Co.*, 170 U. S. 537, 568; *Cimiotti Unhairing Co.* v. *Am. Fur Ref. Co.*, 198 U. S. 399, 414; *Sanitary Refrig'r Co.* v. *Winters*, 280 U. S. 30, 40-42; *Smith* v. *Snow*, 294 U. S. 1). Under this rule of law, no stencil sheet which lacked an agent to keep its coating homogeneous and soft enough to be pushed aside by the type could, in any event, have been held to infringe the patent here in suit. Regardless of the language of the claims, the courts were clearly right in comparing the mode of operation of the ingredients of the alleged infringements and those of the specific example of the patent.

But the expression "tempering agent" is not merely functional. After reading the specification, all the courts concluded that tempering agent in the claims does not include everything which might have the effect of preventing the nitrocellulose from drying too hard. They held that this expression was well understood in the art of stencil manufacture, and that it defined the means which the specification described for tempering nitrocellulose in a stencil coating, namely, a large proportion of a material such as an oil (see *ante*, pp. 2-5). Such use of the specification to define the terms used in a claim is a practice which has long been followed by the courts and which has been repeatedly approved by this Court:

> "The claims of a patent are always to be read or interpreted in the light of its specifications, *Hogg* v. *Emerson*, 11 How. 587; *Carnegie Steel Co.* v. *Cambria Iron Co.*, 185 U. S. 403; *Smith* v. *Snow*, 294 U. S. 1." (*Schriber Co.* v. *Cleveland Trust Co.*, 311 U. S. 211, 217.)

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The adoption of this usual method for determining the meaning of an element of a combination specified in a combination claim is in no way in conflict with this Court's decisions in *Holland Furniture Co.* v. *Perkins Glue Co.*, 277 U. S. 245, and *United Carbon Co.* v. *Binney & Smith Co.* 317 U. S. 228, where this Court disapproved attempts to define the entire product claimed solely in terms of what it accomplished.

Petitioner's Question 2 (Pet., p. 5).

Petitioner's objections (Pet., pp. 13-14; Pet. Br., pp. 10, 11) to the findings of fact which the District Court based on the Master's report and its own independent consideration of the record, and which were adopted by the Circuit Court of Appeals are, we believe, fully answered by the findings themselves to be found on pages 1152-1156 of the record. In reference to the findings dealing with infringement, we call attention to this Court's repeated decisions that infringement is a question of fact:

Stilz v. *United States*, 269 U. S. 144, 147;
United States v. *Anciens Etablissements*, 224 U. S. 309, 322;
Coupe v. *Royer*, 155 U. S. 565, 577-580.

It is obviously one of the ultimate facts in a patent infringement case:

U. S. v. *Esnault-Pelterie*, 299 U. S. 201, 205.

In denying the additional findings for which petitioner asked in its motion for a new trial, the Court pointed out not only that the proposed findings related to evidential details, but also that many of them were contrary to the facts established by the evidence (R., pp. 1181-1182).

Petitioner's Questions 3 and 4 (Pet., pp. 5, 6).

These questions—relating to the extent to which a master may go in including in an accounting devices which were not in evidence in court at the time of the trial—are moot questions in the present case. The cases which petitioner cites from different circuits agree that an accounting should include devices within the terms of the decree which are only colorably different from the devices which were before the Court:

First circuit: *L. S. Starrett Co.* v. *Brown & Sharpe Mfg. Co.*, 208 Fed. at page 893;
Second circuit: *Louis Metzger & Co.* v. *Berlin*, 194 Fed. 426;
Third circuit: *Hoe* v. *Scott*, 87 Fed. 220; *Walker Patent Pivoted Bin Co.* v. *Miller et al.*, 146 Fed. at page 251;
Seventh circuit: *Stockham* v. *Duncan*, 226 Fed. 740, 742 (construing *Murray* v. *Orr & Lockett Hardware Co.*, 153 Fed. 369, cited by petitioner);
Eighth circuit: *Flat Slab Patents Co.* v. *Turner*, 285 Fed. at page 272.

This is the ground on which the later infringements were included (Finding 19, R., p. 1155, R., p. 1148). Thus, no legal question as to the general scope of patent accountings is raised herein.

As to the factual question whether the stencil sheets included in the accounting were merely colorably different from the one before the court, it seems unnecessary to present a detailed argument at this time in view of the concurrent findings. Petitioner's statements as to the composition and operation of his later stencil sheets (Pet. Br., pp. 4, 6, 7, 8, 12) are either completely at variance with the

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record or are supported only by statements of petitioner's chemical expert which were discredited in this expert's cross-examination or by other testimony and were not accepted by any of the tribunals below. The statements as to amyl stearate are typical:

Petitioner claims the amyl stearate in his stencils acted in a manner totally different from the "tempering agent" of the patent (Pet. Br., p. 8).

The record shows: Amyl stearate is chemically similar to castor oil (R., pp. 205, 251, 418). Petitioner's expert said that one kind of amyl stearate, pure iso-amyl stearate, was a solid rather than a liquid (R., pp. 401, 582-587, 591), and a solvent rather than a softener for nitrocellulose (R., pp. 225, 596-598). His only basis for claiming that iso-amyl stearate was contained in petitioner's stencil sheets was a smell test (R., pp. 381-383, 622-623) which he admitted to be unreliable (R., pp. 648-649). Such speculative testimony clearly could not overcome the plain testimony of the manufacturer of petitioner's stencil sheets who described the amyl stearate actually used in them as a "liquid" (R., pp. 63, 64) "of an oily nature" (R., p. 64) which "softened" the nitrocellulose (R., p. 37), showing that the amyl stearate actually used in petitioner's stencil sheets was literally within the construction which all the courts had given to the term "tempering agent" in the claims.

Petitioner's Question 5 (Pet., p. 6).

Petitioner bases his argument for deducting his losses from his profits on the fact that infringing business was continuous, and cites a district court case decided on March 8, 1927.

The Circuit Court of Appeals in the present case followed this Court's decision in *Duplate Corp.* v. *Triplex Safety Glass Co.*, 298 U. S. 448, decided on May 18, 1936.

The Duplate case involved a continuous business. The master and the district court followed the rule of the district court decision relied on by petitioner (10 F. Supp. 420, 423). The decision of the master on this point was reversed by the Circuit Court of Appeals for the Third Circuit (81 F. (2d) 352, 354-355). This Court affirmed the decision of the Circuit Court of Appeals on this point (298 U. S. 448, 458) and held that the plaintiff could recover profits without deduction for losses.

This Court's decision in the Duplate case clearly overrules the district court decision relied on by petitioner, and the Circuit Court of Appeals in the present case did not err by following this Court's decision rather than the one which this Court had overruled.

Petitioner's Question 6 (Pet., p. 6).

No question as to whether a corporation not a party defendant can be made to account for its profits is raised in the present case.

The question here presented as to defendant's California business is whether an individual can use the corporate fiction to evade liability for a benefit which he personally has secured from tortious acts which he has personally committed.

The alleged facts stated in petitioner's Question 6 are based solely on uncorroborated testimony of the petitioner which is contradicted by the records of his corporation. They do not include the facts on which the court based its ruling as to the profits of defendant's California business.

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Whatever may have been the motive for organizing the corporation after the grant of a preliminary injunction in the present case, official records show that the petitioner organized it and remained its sole stockholder and president till the end of the accounting period, and that the directors were his employees in charge of his California business (R., pp. 97, 100, 104, 130). The Master found that after the organizing of the corporation "the business nevertheless remained the business of the defendant, Mr. Marr" and

> "There is no question in my mind but that the corporation, insofar as it had any entity separate and distinct from Mr. Marr, merely acted as an agent for Mr. Marr, and that the sales made by the corporation were really Mr. Marr's sales" (R., p. 1088).

This, he summarized by finding

> "the corporation and Marr are really alter egos" (R., p. 1089).

These findings of the Master were confirmed by the testimony of petitioner's accountant who omitted from the account all transactions between petitioner's New York and San Francisco offices as "intercompany" and "interoffice" sales (R., pp. 701, 733, 734) because "No matter what you call each company, it is one company" (R., p. 694). There is no question but that the New York office was the petitioner's personal business and petitioner stipulated that combined overhead costs of the New York and California offices be used rather than separate overhead costs for each, because as his attorney said of record, "it is not to be treated as a separate business but as one business" (R., pp. 837, 838).

Even if petitioner's explanation of the incorporation be accepted, it is evident that any profits realized from petitioner's infringing sales through the corporation would inure to the benefit of petitioner by being applied in deduction of a debt owed by petitioner. The District Court noted that the fact that incorporation was at the request of a creditor was no excuse (R., pp. 1144-1145).

The actual rule of law applied by the courts below was the well established one that "Equity will pierce the customary protective cloak of incorporation when necessary to prevent injustice or fraud." (R., p. 1144). This rule has been repeatedly applied in patent cases:

Westinghouse Electric & Mfg. Co. v. *Allis-Chalmers Co.*, 176 Fed. 362, 367, 368, C. C. A. 3;

Frank F. Smith Co. v. *Yates*, 244 Fed. 793, 795, C. C. A. 2;

Diamond Drill & Machine Co. v. *Kelley Bros. & Spielman*, 130 Fed. 893, affd. 137 Fed. 417, C. C. A. 3.

CONCLUSION.

This case on an expired patent—an award of profits based on concurrent findings of fact—involves no conflict of decisions and no novel question of law.

Respectfully submitted,

ROBERT W. BYERLY,
RALPH M. WATSON,
Counsel for Respondent.

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OCTOBER TERM, 1946

No. 504

JAMES MARR, Doing Business as MARR DUPLICATOR COMPANY,

Petitioner,

against

A. B. DICK COMPANY,

Respondent.

BRIEF FOR RESPONDENT IN OPPOSITION TO PETITIONER'S MOTION AND IN SUPPORT OF RESPONDENT'S SUGGESTION THAT THE WRIT OF CERTIORARI BE DISMISSED AS IMPROVIDENTLY GRANTED

ROBERT W. BYERLY
RALPH W. WATSON
Attorneys for Respondent

BRUCE BROMLEY
Of Counsel

March 27, 1947

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BRIEF FOR RESPONDENT IN OPPOSITION TO PETITIONER'S MOTION AND IN SUPPORT OF RESPONDENT'S SUGGESTION THAT THE WRIT OF CERTIORARI BE DISMISSED AS IMPROVIDENTLY GRANTED

Petitioner has filed a motion described as a "Motion for Clarification or Modification", asking that this Court modify its order of November 12, 1946, either by taking some action with respect to the merits of the petition for certiorari or by directing that, pending consideration of the charge of fraud, the judgment of the District Court be vacated.

We do not, of course, presume to suggest to the Court what it should do with respect to the merits of the petition for certiorari, respondent's position on the merits having been fully set forth in its Brief in Opposition to the Petition for Writ of Certiorari.

In so far, however, as petitioner seeks to have the judgment of the District Court vacated in the absence of any

proof in support of the charge of fraud, we submit that not only is there no basis for such action, but that petitioner's application suggests the desirability of consideration by the Court of the question whether the writ was providently granted.

On November 12, 1946, this Court entered the following order in this cause:

> "PER CURIAM: The petition for writ of certiorari is granted. The judgment of the Circuit Court of Appeals is vacated and the cause is remanded to that court for consideration of the question, raised by the Solicitor General in his memorandum as amicus curiae, 'whether respondent's prosecution of the instant case may not constitute a fraud upon the courts'."

In making such order, this Court acted, not upon the petition for a writ of certiorari or the record before this Court, but upon a Memorandum for the United States as Amicus Curiae, which Memorandum quoted certain allegations made in an indictment and a complaint against respondent under the Sherman Act, filed in the United States District Court for the Northern District of Ohio, Eastern Division, on July 22, 1946, subsequent to the decision of the United States Circuit Court of Appeals for the Second Circuit sought to be reviewed by petitioner.

The allegations quoted in such Memorandum have not been admitted by respondent, and there has been no hearing in any court on the charge that the prosecution of this suit may be a fraud upon the courts. In the absence of such hearing or any proof whatever in support of the charge of fraud, we submit that there is no ground for vacating the judgment of the District Court.

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In *Universal Oil Products* v. *Root Refining Co.*, 328 U. S. 575, this Court found that the investigation of the charge of fraud in that case had been informal and said:

> ". . . the usual safeguards of adversary proceedings must be observed. * * * obviously, a court cannot deprive a successful party of his judgment without a proper hearing" (328 U. S. 575, 580).

In making its order vacating the judgment of the Circuit Court of Appeals and remanding this cause to that Court for consideration of the question "whether respondent's prosecution of the instant case may not constitute a fraud upon the courts", this Court evidently acted upon the misapprehension that the charges set forth in the Memorandum for the United States as Amicus Curiae constituted new matter supervening the decision below. *Watts, Watts & Co.* v. *Unione, Austriaca,* 248 U. S. 9. In fact, however, those very charges were made in the answer and counterclaim of petitioner, defendant below, filed in this suit in the District Court of the United States for the Southern District of New York on October 1, 1929. In compliance with Rule 38 of the Rules of this Court, the printed record filed herein consisted of the record on appeal printed for the use of the court below, with only such additions as were necessary to show the proceedings in that court and the opinions there, and did not include other matter not essential to a consideration of the questions presented by the petition for the writ. Inasmuch, however, as this Court went outside such record in reaching its decision, there is submitted herewith as a separate Appendix to this brief a copy of each of the pleadings filed in the District Court—including the aforesaid answer and counterclaim and respondent's reply thereto—pleadings which would necessarily have been part

of the record before this Court if the petition for certiorari had sought to raise the question on which this Court has acted.

In failing to reply to the Solicitor General's Memorandum, counsel for respondent relied upon what they understood to be the established rules:

(1) That this Court would consider "only the questions specifically brought forward by the petition for the certiorari" (Rule 38(2) of the Rules of this Court; *Gunning* v. *Cooley*, 281 U. S. 90, 98); and

(2) That only a party to the record has any standing in this Court to apply for certiorari (§ 240(a) of the Judicial Code; *Posner* v. *Anderson*, 293 U. S. 531).

By thus failing to reply to the Solicitor General's Memorandum, counsel for respondent may have appeared—albeit unintentionally—to confirm the wholly erroneous implication of such Memorandum that the charge of fraud therein contained was, like the proof of fraud under consideration in *Hazel-Atlas Co.* v. *Hartford-Empire Co.*, 322 U. S. 238, new matter occurring subsequent to the decision below and extrinsic to the record.

The fact is, however, that the Solicitor General's charge of fraud is the precise charge of fraud asserted by petitioner (defendant below) in this case in its answer to the complaint herein. All the allegations of fraud and suppression of evidence set forth in the anti-trust indictment and complaint and quoted in the Solicitor General's Memorandum were alleged, and controverted, in considerably greater detail in the original pleadings herein. (See Appendix, particularly pars. 13, 14, 16, 17, 18, 20, 21 and 25 of answer, par. 1 of counterclaim). Such allegations, if

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true, would, of course, have constituted a defense to this infringement suit.

Manifestly, the truth or falsity of such allegations cannot be determined by this Court. Suffice it to say, that such allegations were denied by the plaintiff (Reply, pars. 1 and 4) and that defendant, presumably after further investigation of the charges made in his answer, did not even attempt to introduce any evidence with respect thereto at the trial.

In effect, therefore, what this Court has done is to grant defendant a new trial on a defense abandoned by him at the trial in the District Court and not raised either on his appeal to the Circuit Court of Appeals or on his petition to this Court for certiorari.

We recognize, of course, that newly discovered evidence, particularly in a matter affecting patent validity and claimed suppression of evidence, might justify reopening a case. *Hazel-Atlas Co.* v. *Hartford-Empire Co.*, 322 U. S. 238. In that event, however, the claimed grounds for reopening must be set forth in an adequate pleading, with an opportunity afforded to plaintiff to test the right to such relief on the facts and on the law.

But, we submit, it is not for this Court, in the absence of either appropriate pleading or proof, to direct a new trial on a defense pleaded below but abandoned on the trial.

Since the case presents no question of law or supervening fact justifying any action by this Court, the petition for a writ should have been denied. And "whenever in the progress of the cause facts develop which if disclosed on the application would have induced a refusal, the court may upon motion by a party or *ex mero motu* dismiss the writ." *Furness' Withy & Co.* v. *Yang-Tsze Ins. Ass'n*, 242 U. S. 430, 431.

CONCLUSION

For the foregoing reasons, it is submitted that the petitioner's motion, in so far as it requests vacation of the judgment of the District Court, should be denied; and it is respectfully suggested that this Court dismiss the writ of certiorari as improvidently granted.

Respectfully submitted,

ROBERT W. BYERLY
RALPH W. WATSON
Attorneys for Respondent

BRUCE BROMLEY
Of Counsel

March 27, 1947.

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A. B. DICK COMPANY,

Respondent.

APPENDIX TO BRIEF FOR RESPONDENT
PLEADINGS

ROBERT W. BYERLY
RALPH M. WATSON
Attorneys for Respondent

BRUCE BROMLEY
Of Counsel

March 27, 1947

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UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF NEW YORK

A. B. DICK COMPANY, Complainant, *against* JAMES MARR, doing business as MARR DUPLICATOR COMPANY, Defendant.	In Equity

Bill of Complaint
(Filed August 7, 1929.)

TO THE HONORABLE THE JUDGES OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK, SITTING AS A COURT OF EQUITY:

A. B. DICK COMPANY, a corporation organized and existing under the laws of the State of Illinois, presents this its bill of complaint against JAMES MARR, doing business as MARR DUPLICATOR COMPANY and having a regular and established office and place of business in the Borough of Manhattan, City of New York, in said State, wherein he has committed acts of infringement as hereinafter charged, and hereinafter designated the defendant. And thereupon your orator complains and says:—

1. That this is a suit in equity arising under the patent laws of the United States.

2. That it is informed and believes and, therefore, avers that on and prior to the 7th day of April, 1922, Edward W. Hill of Chicago, Cook County, Illinois, was the

original, first and sole inventor of certain new and useful improvements in Stencil Sheets not known or used by others in this country before this invention thereof and not patented or described in any printed publication in this or any foreign country before his invention thereof, or more than two years prior to his application for Letters Patent of the United States hereinafter mentioned, and not in public use or on sale in this country for more than two years before his said application, and not abandoned by him prior to the said application, and not patented or caused to be patented by him or his legal representatives or assigns in any foreign country upon an application filed more than twelve months prior to the filing of his said application in this country. And that being such original, first and sole inventor, said Hill did on said 7th day of April, 1922, make application in due form of law to the Commissioner of Patents of the United States for Letters Patent for said invention and duly swore to the specification thereof, and requested the Commissioner of Patents to issue to him any Letters Patent which might be granted upon his said invention, and then and there fully and in all respects complied with all the necessary conditions and requirements of the statutes of the United States in such cases made and provided, and duly assigned the said invention and application and the Letters Patent to be issued pursuant to said application by a proper assignment in writing duly executed and delivered to A. B. Dick Company, an Illinois corporation, having its principal place of business in the City of Chicago and State of Illinois. That thereupon such proceedings were had with respect to said invention and application that on the 17th day of February, 1925, Letters Patent No. 1,526,982 were duly issued for said invention and on said application to said A. B. Dick Company, its successors and assigns, in conformity with the statutes in such case made and provided. And the plaintiff brings here into Court a duly authenticated copy of said Letters Patent and prays that the same may be taken as part of this bill.

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3. That heretofore and prior to the commission by the defendant of the infringing acts hereinafter complained of, your orator, said A. B. Dick Company, became and it has ever since been and now is vested with and possessed of the full and entire right, title and interest in and to said Letters Patent No. 1,526,982.

4. That the said invention was put into actual use by your orator prior to the issuance of said letters-patent No. 1,526,982 and your orator since the issue of said letters-patent has marked, or caused to be marked, the stencil-sheets embodying the said invention which have been made, sold or used by your orator by fixing thereon the word "Patented" together with the day and year the said patent was granted, as directed by the statute in such cases made and provided.

5. That your orator has introduced said invention to the public and made the same useful to the public and the manufacture and sale thereof profitable to itself, and a large and important demand exists therefor, which demand your orator has been and is ready to supply.

6. That said letters-patent No. 1,625,982 have heretofore been in controversy in a suit in equity in the United States District Court for the Southern District of New York, wherein your orator was complainant and Simplicator Corporation and Martin S. Herbert were defendants; that the bill of complaint in said suit was filed in 1925 and charged the defendants with the infringement of said letters-patent No. 1,562,982; that thereafter the defendants appeared by counsel and issue was joined by the filing therein of an answer of the defendants, and in said answer and sundry amendments thereto said defendants set up all the defences usual in patent cases, including a large number of patents and references to literature and asserted uses alleged to anticipate the invention set forth in said letters-patent No. 1,562,982, for the details of which your orator refers to said answer and amendments thereof; that at final hear-

ing and trial of the said suit the defendants examined large number of witnesses and introduced depositions other witnesses and many patents and references to liter ture in support of its defences, and the merits thereof we exhaustively presented by evidence, arguments and brief and thereafter, on or about the 21st day of January, 192 the Court handed down an opinion (reported in 30 F. [2 713) holding that the said letters-patent were valid a that the defendants had infringed said letters patent; th on or about the 29th day of January, 1929, said Court du entered its interlocutory decree holding said letters-pate good and valid in law, owned by your orator and infring by the defendants, and directing that a perpetual injun tion be issued against said defendants restraining the i fringement of said letters-patent; that thereupon sa defendants prayed and perfected an appeal therefrom the United States Circuit Court of Appeals, and on t 8th day of July said United States Circuit Court of Appea for the Second Circuit handed down its opinion, a copy which is hereto attached and made a part hereof. Petitio on behalf of the parties for reconsideration and rehearin have not yet been acted on by the Court.

7. That your orator and its predecessors have create and own an established business and valuable good-wi consisting in the manufacture of machines for multiplyin copies, commonly called duplicating machines, and stenci sheets and other supplies therefor, and in the conduct its said business it has always sought to market, a markets, the whole process, good machines and cooperatin good supplies being necessary for the best results and co sequent demand, and it has sold, and sells, the machin practically at cost to produce the business in supplies upo which it depends for its profits, wherefore there is excep tional temptation to profit by infringement of patents cove ing its stencil-sheets, and such infringement works excep tional damage not only in the loss and diversion of profi which of right belong to your orator, but also in jeopardizin and impairing your orator's business and good-will.

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8. That, upon information and belief, the defendant has a regular and established place of business in the Southern District of New York and is there committing infringing acts hereinafter mentioned by selling stencil-sheets designated "Vellam", embodying the invention claimed in the claims of said letters-patent held valid in said decision of said Court of Appeals.

9. That, upon information and belief, the said defendant since the acquisition by your orator of its rights under said letters-patent as hereinabove set forth and prior to the execution of this bill of complaint, without license or permission of your orator and in infringement of said letters-patent, has been and still is practicing and causing to be practiced the invention in said letters-patent set forth and claimed, and has been and is now making, using and selling or causing to be made, used and sold stencil-sheets employing and containing and operating in accordance with the invention in said letters-patent set forth and claimed, and that said defendant is prepared and ready and threatens to continue said infringement, and unless restrained therefrom your orator will suffer great and irreparable damage from such unlawful acts and the defendant has derived and received and still is deriving and receiving from said infringing acts great gains and profits.

Wherefore your orator prays:—

1. That process of subpoena issue herein directed to the said James Marr commanding him to appear and answer each and every allegation herein contained, but not under oath (an answer under oath being hereby expressly waived), the same and as fully as if directly interrogated as to each.

2. That the said defendant James Marr, his servants, agents, employees and confederates, may be perpetually enjoined and restrained by the decree and injunction of this Court from directly or indirectly infringing upon said letters-patent No. 1,526,982 or any of the claims thereof

held valid by said decision of the United States Circuit Court of Appeals for the Second Circuit, and particularly from manufacturing, using or selling stencil-sheets employing the invention set forth in said letters-patent and claimed in said claims thereof.

3. That a temporary restraining order or preliminary injunction be issued without delay directed to the said defendant, enjoining and restraining him as prayed in the next preceding paragraph numbered 2.

4. That the defendant be directed to disclose and account for and pay over to your orator the amount of all gains and profits received by him from his infringing acts and pay to your orator all damages your orator has sustained thereby and that such damages be increased as provided by law.

5. That the said defendant may be decreed to pay the costs and disbursements of this suit; and that your orator may have such other and further relief as to this honorable Court may seem meet.

ARCHIBALD COX
Solicitor and Counsel for Complainant

STATE OF ILLINOIS }
COUNTY OF COOK } ss.:

ALBERT B. DICK, JR., being duly sworn, deposes and says that he is the vice-president of A. B. Dick Company, the complainant named in the foregoing bill of complaint; that he has read the said bill and knows the contents thereof, that the same is true of his own knowledge save in so far as allegations therein contained are based upon information and belief and as to such allegations he believes it to be true. He doth further depose and say that he verily believes Edward W. Hill to be the first, original and sole inventor of the invention set forth and claimed in letters-patent No. 1,526,982 in suit.

ALBERT B. DICK, JR.

Subscribed and sworn to before me, }
this 19th day of July, 1929. }

[SEAL] GEORGE E. BENDER
Notary Public

Notary Public
Commission Expires
April 18, 1931

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF NEW YORK

A. B. DICK COMPANY, a Corporation, Plaintiff, *vs.* JAMES MARR, doing business as Marr Duplicator Company, Defendant.	In Equity No. 50-59

Answer and Counterclaim of James Marr

(Filed October 1, 1929)

Defendant, James Marr, now, and all times hereafter, saving and reserving to himself all and all manner of benefit and advantage of exception which may be had, or taken, to the many errors, imperfections, and insufficiencies contained in the Bill of Complaint filed by plaintiff herein, and specifically denying each and every allegation made in said Bill, except as to matters specifically hereafter admitted, for answer thereunto, or unto so much and such parts thereof as this defendant is advised that it is material or necessary to make answer unto, states that defendant is not informed as to whether the exact name of the plaintiff is A. B. Dick Company, and/or whether the plaintiff was and/or still is a corporation created under the laws of the state of Illinois, and leaves plaintiff to make proof thereof, and defendant denies that he has committed acts of infringement as charged in the Bill of Complaint in the city of New York, Borough of Manhattan, or elsewhere.

1. Answering paragraph 1 of the Bill of Complaint, defendant admits that the present suit is one in equity

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arising under the Patents Laws of the United States, but denies the jurisdiction of this Court to adjudicate the same while there is already pending by the same plaintiff against this defendant a suit charging infringement of United States Letters Patent No. 1,526,982 in the Southern Division of the United States District Court for the Northern District of California, Third Division, said latter suit having been instituted long prior to the filing of the Bill of Complaint in the present case.

2. Answering paragraph 2 of the Bill of Complaint, this defendant denies that on or before the 7th day of April, 1922, Edward W. Hill of the city of Chicago and state of Illinois, was the original and sole and first inventor of certain new and useful improvements in Stencil Sheets not known and/or used by others in this country before his invention thereof and not patented or described in any printed publication in this or any foreign country before his invention thereof, or more than two years prior to said application of Edward W. Hill for Letters Patent of the United States; and said defendant further denies that said alleged improvements were not in public use or on sale in this country for more than two years before said application, and that said alleged improvements had not been abandoned by said Hill or his hereinafter named assignee—plaintiff herein—prior to the aforesaid application; and said defendant further denies that said improvements were not patented or caused to be patented by said Hill, or his legal representatives or assigns, in any foreign country upon an application filed more than twelve months prior to the filing of the aforesaid Hill application in the United States; defendant further denies that being an original, first and sole inventor, said Hill on the 7th day of April, 1922, made application in due form of law to the Honorable Commissioner of Patents of the United States for Letters Patent for said invention, and denies that said Hill and/or his assignee did then and there fully and in all respects comply with all the necessary conditions and re-

quirements of the statutes of the United States in such cases made and provided; and further denies that said invention and application and the Letter Patent alleged to be issued pursuant to said application were assigned to the A. B. Dick Company, and defendant, while admitting the purported issuance from the United States Patent Office of Letters Patent No. 1,526,982, denies that said issuance was in conformity with the statutes in such cases made and provided, and defendant further is without knowledge that the Letters Patent alleged to have been brought into Court with the present Bill of Complaint is a duly authenticated copy of said Letters Patent and leaves plaintiff to strict proof of the same.

3. Defendant denies the assignment of title in paragraph 3 of the Bill of Complaint herein, and further denies that plaintiff herein is in possession of any rights, title or interest in and to Letters Patent of the United States No. 1,526,982 and/or the invention purported to be disclosed therein, and denies that because of said purported assignment, plaintiff has a right of action against this defendant.

4. Answering paragraph 4 of the Bill of Complaint, defendant denies that plaintiff herein—prior to the issuance of said Letters Patent No. 1,526,982, and/or since the issuance of said purported Letters Patent—has marked any product made in accordance with the disclosure of said Letters Patent and/or marketed the same, and further denies that any products made in accordance with said Letters Patent have been sold with the word "Patented" together with the day and year of the grant of the aforesaid patent fixed thereupon.

5. Answering paragraph 5 of the Bill of Complaint, defendant denies that plaintiff has introduced the purported invention to the public and made the same useful thereto, but rather asserts that the stencil sheets offered to the public by plaintiff do not embody the formula described in the aforesaid Letters Patent No. 1,526,982, and do not con-

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stitute an embodiment thereof and do not possess the attributes and characteristics of stencil sheets manufactured under and in accordance with said formula, but on the contrary believes it to be a fact that said stencil sheets embody a formula which is nowhere described and/or disclosed in the said Hill patent, but rather was invented and devised by others for the purpose of correcting vital faults and defects in the formula purported to be disclosed by said Hill, and that this defendant, after ascertaining the aforesaid vital shortcomings in the stencil paper purported to be described in said Hill Patent, of necessity, in order to produce stencil sheets acceptable to the trade, adopted a formula which is in no wise comparable to, or covered by, that disclosed in the claims of the patent here in suit; and defendant further asserts that the Patent in suit does not describe a commercially practical stencil sheet and/or does not teach workers on the stencil paper art how to make a stencil sheet that is satisfactory; and defendant further denies that the invention of the patent in suit was introduced to the public by plaintiff and the manufacture and sale thereof made profitable to plaintiff, denies that plaintiff herein has created the purported large and important demand existing for stencil paper, but on the contrary asserts the fact to be that throughout the consuming trade, defendant's stencil sheet is as much, if not more, in demand than that sold by plaintiff.

6. Answering paragraph 6 of the Bill of Complaint, defendant admits that said Patent No. 1,526,982 has heretofore been in controversy in a suit in equity entitled "A. B. Dick Company vs. Simplicator Corporation" in the United States District Court for the Southern District of New York, that said cause went to final hearing, whereafter the District Court handed down an opinion holding said patent valid and infringed, and that thereafter—upon the argument of an appeal—the Circuit Court of Appeals for the Second Circuit, rendered an opinion on the 8th day of July, 1929, in which opinion the Court of Appeals dismissed the

suit as to claims 1, 5, 10, 15, 17, 19 and 20 and affirmed the decree of the District Court otherwise; but this defendant asserts the fact to be that the defenses set forth in said A. B. Dick Company vs. Simplicator case were incomplete and inadequate, that counsel for defendants in said Dick vs. Simplicator suit were wholly uninformed of certain things—presently to be discussed—which serve to invalidate the patent here in suit and render it of no force and effect, that the Court's decisions in said Simplicator suit were based upon a wholly imperfect and vitally incomplete record which failed to set forth all matters of defense relevant and material to the questions of novelty, validity, and equitable estoppel, and that said decisions, irrespective of their effect upon the defendants immediately before the Courts in said Dick vs. Simplicator case are of no effect in establishing the validity of any of the claims of the Patent here in suit against the present defendant, which latter was not a party to the Simplicator suit, and which as herein set forth is already defending a suit under the same patent brought before the date of the instant suit in the aforeidentified District Court of California.

7. Answering paragraph 7 of the Bill of Complaint, defendant denies the allegations thereof, and in particular denies that plaintiff's supplies are necessary to be used with plaintiff's machines in order to eventuate the best results, and rather asserts it to be the fact that throughout the consuming trade, defendant's supplies are as readily acceptable and in consequent demand for use upon all machines including the plaintiff's goods, and further asserts that it has been specifically held that the A. B. Dick Company has no legal right to maintain the use of supplies of its manufacture only on its duplicating machines; defendant further particularly denies that plaintiff has sold its duplicating machines practically at cost, but on the contrary asserts the fact to be that such machines are sold at a substantial profit, and defendant therefore denies that plaintiff herein depends on the business of supplies for said machines for its profits; and in addition

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defendant particularly denies the relevancy of the matters and things set forth in the latter portion of said paragraph 7 of the Bill of Complaint, but on the contrary asserts that the settled doctrines of Equity Jurisprudence, hold that the manner in which plaintiff conducts its business in the manufacture and sale of its duplicating machines and supplies therefor, including stencil paper, has no bearing upon said plaintiff's rights under the patent here in suit.

8. Answering paragraph 8 of the Bill of Complaint, defendant denies that it is committing infringing acts in the Southern District of New York, and that stencil sheets designated "Vellam" embody the invention purportedly claimed in the claims of Letters Patent No. 1,526,982 held valid in the decision of the Court of Appeals of the Second Circuit, Dick vs. Simplicator; and further denies that the stencil sheets sold by defendant are in any wise comparable to those considered in said Dick vs. Simplicator suit.

9. Answering paragraph 9 of the Bill of Complaint, defendant denies that plaintiff herein has acquired any rights by reason of the issuance of the aforesaid Letters Patent No. 1,526,982 and denies that it has committed any act of infringement in the Southern District of New York or elsewhere, or has made, sold or used, or caused to be made, sold or used, stencil sheets in accordance with the purported invention in said Letters Patent or that it is prepared and ready and is threatening to continue any such alleged infringement, and further denies that plaintiff will suffer damage from any acts of infringement done by defendant herein and/or that defendant herein is receiving and deriving gains or profits for any infringing acts, but rather asserts that defendant is not now and never has done any act or thing which constitutes a trespass or infringement of any of plaintiff's rights under said Letters Patent or otherwise, and accordingly denies that plaintiff herein is entitled to the relief prayed for in the Bill of Complaint, or to any other relief.

10. Answering further, this defendant denies that the alleged improved stencil sheet described and claimed in said Letters Patent No. 1,526,982, contains or embodies any material improvement or advance over what had previously been known to those skilled in the art, but on the contrary, avers the fact to be that the claims of the said Letters Patent, and each of them, are invalid and void for the following reasons, to wit:

(a) That the said Edward W. Hill was not the original, sole and first inventor or discoverer of the invention alleged to be described and claimed in said Letters Patent or of any material or substantial part thereof; but that the same and all material and substantial parts of the alleged invention (prior to the date of the alleged invention of the said Edward W. Hill) had been patented or described in printed publications and letters patent as identified in paragraph 10 (e) and 10 (f) hereof, as well as in many other patents and publications which defendant prays leave hereinafter to insert, and that the alleged invention described in said purported Letters Patent does not, in view of the state of the art as existing prior to the date of the said alleged invention, contain any patentable novelty, but consists in the mere adaption of well known devices to their required use, and involves only mechanical skill.

(b) That said Edward W. Hill was not the first, true and original inventor of the things alleged to be patented by said Letters Patent No. 1,526,982, or any material or substantial part thereof, and this defendant further avers, on information and belief, that said Edward W. Hill in applying for and obtaining said Letters patent unlawfully and wrongfully applied for and obtained a patent in his own name for that which in fact had been devised by others.

(c) That said Edward W. Hill was not the first, true and original inventor of the alleged invention de-

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scribed in said purported Letters Patent Numbered 1,526,982 but was preceded by others who, anterior to the acts of said alleged inventor, had made and perfected the alleged invention of said purported letters patent.

(d) That the alleged invention or improvements claimed in said purported Letters Patent No. 1,526,982 was not, at the date of application therefor, or at the date of the supposed invention or discovery thereof by said Edward W. Hill, a patentable art, machine, composition of matter, article or improvement thereof, under the acts of Congress in such cases made and provided.

(e) That long prior to the making by said Hill of the alleged invention or improvement described and claimed in said purported Letters Patent No. 1,526,982 the same, or substantial and material parts thereof, was or were described and shown in the letters patent enumerated in the following list; that more than two years prior to the application date of the application upon which purported Letters Patent Numbered 1,526,982 were issued, the alleged invention described and claimed therein, or substantial and material parts thereof, was or were described and shown in the hereinafter set forth Letters Patent which bear dates more than two years prior to the filing date of the application for said Letters Patent Numbered 1,526,982; that prior to the alleged invention or improvements described and claimed in said purported Letters Patent Numbered 1,526,982, the same, or substantial and material parts thereof was or were invented by or known to the inventors and patentees of the Letters Patent mentioned in the following list at the respective places of residence of the inventors and patentees mentioned in said Letters Patent, and that said alleged invention was described in many other letters patent and publications,

and known to many other persons which as yet this defendant has not fully ascertained, but which it prays leave to insert in this Answer by amendment as soon as discovered—the patents above mentioned being as follows, to wit:

18,338	Henry Hoffman	Oct.	6, 1957
86,841	J. L. Kendall	Feb.	9, 1869
97,454	Daniel Spill	Nov.	30, 1869
102,798	Octave E. Fillion	May	10, 1870
139,333	Charles Rotter	May	27, 1873
158,188	Alfred Starr	Dec.	24, 1874
215,833	S. S. Nickerson	May	27, 1879
231,122	A. J. Underhill	Aug.	10, 1880
251,410	Wm. B. Carpenter	Dec.	27, 1881
352,726	Wm. V. Wilson	Nov.	16, 1886
377,706	John Broderick	Feb.	7, 1888
466,557	Albert B. Dick	Jan.	5, 1892
467,890	W. G. Fuerth	Jan.	26, 1892
545,093	C. T. Pomeroy	Aug.	27, 1895
548,116	E. DeZuccato	Oct.	15, 1895
562,590	Albert B. Dick	June	23, 1896
587,096	A. Kennedy	July	27, 1897
603,001	W. H. Wood et al	Apr.	26, 1898
615,319	J. H. Stevens	Dec.	6, 1898
728,461	Howard M. Hay	May	19, 1903
761,668	Thomas S. Fox	June	7, 1904
848,557	A. D. Klaber	March	26, 1907
995,780	Wm. G. Fuerth	June	20, 1911
1,069,435	H. E. Krueger	Aug.	5, 1913
1,101,240	Frank D. Belknap	June	23, 1914
1,101,241	Frank D. Belknap	June	23, 1914
1,101,258	Albert B. Dick	June	23, 1914
1,101,268	Louis E. Fuller	June	23, 1914
1,196,098	Sydney W. Fuerth	Aug.	29, 1916
1,215,098	James A. Bailey et al.	Feb.	6, 1917
1,231,554	James A. Bailey et al.	July	3, 1917
1,238,906	William G. Fuerth	Sept.	4, 1917

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1,243,780	Edward Thomas	Oct.	23, 1917
1,244,188	Louis W. Fuller	Oct.	23, 1917
1,244,189	Louis W. Fuller	Oct.	23, 1917
1,293,077	W. G. Fuerth	Feb.	4, 1919
1,304,120	Edward Thomas	May	20, 1919
1,316,067	Charles E. Swett	Sept.	16, 1919
1,371,157	David G. Gestetner	March	8, 1921
1,461,867	S. Elliott	June	17, 1923
1,468,791	C. D. Abraham	Sept.	25, 1923
1,481,834	Sterling Elliott	Jan.	29, 1924
1,592,340	Paul Campion	July	13, 1926
1,592,338	Paul Campion	July	13, 1926
1,592,340	Paul Campion	July	13, 1926
Reissue 8,853	Eugenio De Zuccato	Aug.	12, 1879

British Patents

607,	of	1856	Pierre H. G. Berard
1,884	"	1857	Pierre H. G. Berard
639	"	1858	Pierre H. G. Berard
2,849	"	1859	Rollason
2,484	"	1878	Charles M. Jacob
3,150	"	1874	Eugenio DeZuccato
3,647	"	1877	Eugenio DeZuccato
12,013	"	1877	Herbert J. Allison
7,975	"	1897	Hugo Bitner
17,602	"	1897	Philip M. Justice
16,429	"	1901	Arthur Cohn
2,167	"	1904	Peter C. D. Castle
23,547	"	1909	Max Friedlander & P. Tuebben
6,519	"	1910	Arthur A. A. Zimmer
18,607	"	1910	Alice M. Hart
2,064	"	1911	Heinrich Dittmar
6,387	"	1913	Dr. Leon Lillienfeld
105,137	"	1917	L. C. Woolldridge
127,678	"	1919	Camille Dreyfus
162,681	"	1921	David Gestetner
198,711	"	1923	Paul Campion

French Patents

361,954	Soc. A. Patat & Cie	Dec. 1, 1906
465,345	Soc. anon Nouvelle L'Cyonnithe	Feb. 3, 1914

German Patents

94,230	The Publishing, Advertising and Trading Syndicate	Sept. 20, 1897

Austrian Patents

65,360	Girzik	Feb. 1, 1914

Belgian Patents

292,613	Paul Campion	Dec. 7, 1920
292,843	Paul Campion	Dec. 22, 1920

(f) That more than two years before the date of application for said Letters Patent No. 1,526,982 the alleged improvements described and claimed therein, and every material and/or substantial part thereof, had been described and/or published in the Letters Patent set forth in paragraph 10 (e) with the exception of those patents which were granted and/or published after April 7, 1922, with respect to which in the case of Letters Patent of the United States, the patentees thereof had prior knowledge of said alleged improvement, and that said alleged inprovement, and/or all material and essential parts thereof—in view of which no invention was involved in proposing said alleged improvement—was and were described in the following printed publications:

Ullmann "Encyklopaedie der Technischen Chemie" Vol. 1, pages 114 ff.,

"Nitrocellulose Industry" by E. C. Worden, Published at New York, N. Y., 1911, particularly

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pages 299, 309, 326, 327, 365, 370, 385, 394, 405, 415, 416, 417, 435, 437, 439, 452, 480, 523, 824 and 1690 thereof,

"The Extra Pharmacopoeia" 1920, published by Lewis & Co., Ltd., Col. 1, p. 344,

"Technology of Cellulose Esters" by E. C. Worden, Vol. 8 (1916) pp. 2574, 2771,

"National Pharmacopoeia" of 1833

"Cassells Cyclopaedia of Photography" 1915

and also many other letters patent of the United States and foreign countries and many other printed publications not now fully known to this defendant but which, when ascertained, defendant prays leave to hereafter furnish and incorporate in this his answer.

(g) That for more than two years before the date of application of the said Patent No. 1,526,982 the alleged improvements described and claimed therein had been in public use or on sale in the United States by the several patentees of the patents listed in paragraph 10 (e) and/or their privies, at the several places mentioned therein, or elsewhere, as well as by the following:

C. E. Archbald, Main Street, New Brunswick, N. J.,
The H. E. Smith Co., and H. E. Smith, Newark, N. J.,
Louis A. Barnett, Mimeo Service Bureau, 132 Nassau St., New York, N. Y.,
Edward J. Calhoun, Loyola University, Chicago, Ill.,
Paul Thomas Calhoun, Chicago, Illinois,
H. L. Shallcross, Philadelphia, Pa.,
Alfred P. Shallcross, Chicago, Illinois,

William L. Decker, Tottenville, Staten Island, New York, N. Y.,
Fred W. Barker, New York, N. Y.,
The Naz-Dar Company 4014 North Rockwell St., Chicago, Ill.,

at said addresses and elsewhere.

(h) That said alleged improvements of said Patent No. 1,526,982 were known before the alleged invention thereof by said Hill, not only to the patentees and/or the privies thereof heretofore listed in paragraph 10 (e) and to those responsible for, or who were readers of, those publications identified in paragraph 10 (f), and to the aforesaid users and/or sellers identified in paragraph 10 (g), but also to the following:

C. E. Archbald, Main St., New Brunswick, N. J.,
Edward J. Calhoun, Loyola University, Chicago, Ill.,
Paul Thomas Calhoun, Chicago, Ill.,
Christopher Maes, St. Louis, Mo.,
Rev. Patrick J. Monahan, Loyola University, Chicago, Ill.
Rev. Geo. J. Leahy, Loyola University, Chicago, Ill.,
Perry N. Hoover, Sears Roebuck Co., Chicago, Ill.,
Emily A. Ward, Sears Roebuck Co., Chicago, Ill.,
Robt. F. Spirig, Holy Father Church, Chicago, Ill.,

at said addresses and elsewhere.

(i) That on information and belief the alleged inventions set forth in said Letters Patent here in suit were abandoned and passed into the possession of the public before the date of the alleged infringement charged in the Bill of Complaint, and that said alleged inventions were abandoned either by the patentee Hill and/or by his assignee, plaintiff herein, prior to the

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filing date of the application upon said purported Letters Patent were issued.

(j) That on information and belief, the Letters Patent here in suit were unlawfully granted because certain essential prerequisites required by the Acts of Congress were not fulfilled and because said grant, as made, exceeded the jurisdiction of the Patent Office, the Commissioner of Patents, and other officers purported to have authority to execute such grants.

(k) That the description contained in said Letters Patent here in suit is ambiguous and indefinite and the disclosure therein of the alleged invention is not in such full, concise, and exact terms as to enable persons skilled in the art to practice the same without the exercise of invention.

(l) That each and all of the claims of said Letters Patent No. 1,526,982 are excessive in breadth and scope, and that although this is well known to plaintiff, it has not been cured within a reasonable time by disclaimer, wherefore said claims, and each of them is void.

(m) That the claims set forth in said Letters Patent No. 1,526,982 are ambiguous and indefinite, wherefore the same are void and invalid.

(n) That the plaintiff possesses neither legal or equitable title to the purported Letters Patent No. 1,526,982 sufficient to support and sustain said Bill of Complaint and the remedy sought to be secured thereby.

(o) That the claims of the purported Letters Patent No. 1,526,982, and each of said claims, do not cover a valid and patentable combination, but embrace a mere aggregation of elements forming no true and proper combination and cooperation in a patentable sense, and are not patentable in law.

(p) That the invention claimed in the patent in suit, in so far as it is embodied in the product of this defend-

ant, is substantially different from the original disclosure in the application for the patent in suit as originally filed, that the applicant substantially broadened and enlarged the scope of the alleged invention after having obtained knowledge during the prosecution of the application for the patent in suit of the inventions of others made before the alleged invention by the applicant for the patent in suit.

(q) That for the purpose of deceiving the public, the description and specification of the patent in suit has been made to contain more and/or less than the whole truth relative to the alleged invention or discovery of the said Hill.

(r) That the claims of the said patent if construed to cover the product of this defendant are too vague and indefinite to define any patentable invention, in view of the prior state of the art, being insufficient to define any field of monopoly which could validly be granted to the said Hill upon the basis of the description of his alleged invention as set forth in the application for the patent in suit, and in the specification of the patent as issued.

(s) That the claims of the patent in suit when construed to cover the product of this defendant are so board and so indefinite in their terms that they include ingredients and combinations or ingredients which are totally inoperative to make any useful stencil sheet.

11. That during the prosecution of the application which resulted in the said Letters Patent No. 1,526,982, the applicant therein so limited and restricted the claims in compliance with the requirements of the Patent Office that said plaintiff is now estopped from asserting that said claims of Letters Patent No. 1,526,982 cover anything more than the exact and specific construction shown and described in said Letters Patent and avers that when thus limited this defendant does not infringe the claims of said Letters Patent No. 1,526,982.

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12. Further answering, this defendant alleges that the claims of said purported Letters Patent No. 1,526,982 if construed broad enough to read on defendant's devices, are anticipated by the prior art patents, publications, and devices mentioned in paragraph 10 of this answer.

13. This defendant, further answering, on information and belief alleges that stencil sheets embodying the invention set forth and claimed in said Hill Patent were in public use and on sale within the United States for more than two years prior to the date of application for the Hill Patent and, in fact, as early as 1913-1914 by said The H. E. Smith Company of Newark, New Jersey, and were distributed by Hesco Products, Inc., of New York City, and others, under the name "HESCO DRY STENCIL" paper, that said stencil sheets were advertised and known to the trade as early as 1913, and were made in conformity with the formula of H. E. Smith, or others acting on his behalf, and the said formula embodied and contained the invention set forth and claimed in the Hill Patent in suit; that the business conducted by The H. E. Smith Company, in the manufacture and sale of said "HESCO" Stencil Sheets was open and notorious, and known to the attorneys and representatives of the plaintiff; that said "HESCO" sheets were manufactured in Newark, New Jersey, and that the facts concerning such manufacture were known to the following persons, among others:

H. E. Smith, Newark, New Jersey,
Miss Springer, a secretary in the employ of The H. E. Smith Company, and residing at Newark, N. J.
Edward C. Worden, Chemist, Milburn, New Jersey,
H. E. Shallcross, Philadelphia, Pa.
Joseph W. Rowe, Newark, New Jersey, and others.

14. This defendant further answering states that on or about May 12, 1925, the present plaintiff, A. B. Dick Company, filed suit in the District Court of the United States

for the Southern District of New York, against Hesco Products, Inc., in Equity No. E-32/25; that an answer was filed in said suit on June 10, 1925, setting up the fact of prior knowledge and use by The H. E. Smith Company at Newark, New Jersey; that on December 28, 1925, an amended answer was filed in said suit; that both of said answers were withdrawn under order of Court dated July 20, 1927, and are at present missing from the files of said cause; that this defendant is not informed concerning the contents of the amended answer which, on information and belief, contains additional and elaborate averments regarding the prior use of The H. E. Smith Company referred to in the original answer; that this withdrawal of the answers was by consent of counsel for both parties, and for the obvious purpose, as this defendant is informed and believes, of suppressing and concealing knowledge and information concerning the prior use of the Hill formula by The H. E. Smith Company; and that as part of the order permitting the withdrawal of said answers, the defendant, Hesco Products, Inc., submitted to the entry of a default decree in favor of the plaintiff, A. B. Dick Company, finding validity and infringement of the Hill Patent.

15. This defendant, further answering, states that almost concurrently with the entry of the withdrawal order in the Hesco Products Suit, to wit, on July 12, 1927, a bill was filed in the District Court of New Jersey against The H. E. Smith Company and H. E. Smith, defendants, charging infringement of the Hill patent, and that on the same day with the entry of the withdrawal order, to wit, July 20, 1927, an expurgated and inocuous answer was filed by The H. E. Smith Company and H. E. Smith in the New Jersey suit, which answer, however, wholly omitted any reference whatever to the prior use by The H. E. Smith Company set forth and referred to in the answers in the Hesco Products Suit.

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16. This defendant, on information and belief, charges the fact to be that the withdrawal of the answers containing damaging averments regarding the validity of the Hill Patent, and the substantially concurrent filing of a bill and answer in the New Jersey suit, and the omission of the damaging averments in the last named answer, constitute acts and proceedings of an iniquitous and collusive nature instituted and carried out for the purpose of suppressing evidence regarding the Smith prior use, and this defendant avers, on information and belief, that Harry E. Smith, and others conversant with the facts and circumstances referred to, were paid a large sum, in an amount unknown to this defendant, as a consideration for the submission to a decree and for the retirement from the market of the Hesco Stencil Sheets and for a public announcement or recantation of statements previously publicly made by H. E. Smith in trade circulars and letters that he was in possession of a full and complete defense to the claims of the Hill patent.

17. This defendant, further answering, on information and belief, states that Joseph W. Rowe was at one time associated with Harry E. Smith and was conversant with the facts concerning Smith's prior use of the invention here involved prior to the date of the Hill patent; that being thus in possession of this information, the said Rowe severed his connection with the business of The H. E. Smith Company and became associated with one Williams in the organization of a company entitled Rowe-Williams, Inc., which company proceeded to manufacture stencil sheets under a formula substantially similar to that previously employed by The H. E. Smith Company; that on July 16, 1927, suit was brought in the District Court of New Jersey by the A. B. Dick Company against Rowe-Williams, Inc., and Joseph W. Rowe, charging infringement of the Hill patent in the manufacture and sale of stencil sheets of a character similar to the Hesco Stencil Sheets previously manufactured and sold by The H. E. Smith Company; that no answer was filed to said suit against Rowe-Williams, Inc., and that a

consent decree was entered therein on or about the 5th day of August, 1927.

18. This defendant, on information and belief, charges the fact to be that the filing of the suit against Rowe-Williams, Inc., and Joseph W. Rowe, and the entry of the consent decree therein, was part of the same collusive agreement and undertaking which also involved the withdrawal of the answers in the Hesco Suit and the concurrent filing of a suit in the New Jersey Court against The H. E. Smith Company and Harry E. Smith; and this defendant is informed and believes that the said Joseph W. Rowe, and those associated with him, were paid a large sum of money, reported to be in the neighborhood of Thirty Thousand ($30,000) Dollars, as consideration for his consent to the entry of a decree and for his withdrawal from the further manufacture and sale of stencil sheets and as a consideration for his silence respecting the prior use and sale of Hesco stencil sheets by The H. E. Smith Company.

19. This defendant, further answering, on information and belief, states that one Edward C. Worden, of Milburn, New Jersey, was at or about the time in question, namely, July, 1927, engaged and retained by the Simplicator Corporation as chemical expert and investigator in the defense of the litigation then being prosecuted against the Simplicator Corporation by the A. B. Dick Company, plaintiff herein, and purportedly defended by the Arlac Dry Stencil Corporation, a Delaware Corporation; that said Worden as a result of knowledge and investigations previously conducted on behalf of the Simplicator Corporation, became conversant with the Smith prior use and reported to the attorneys for the Simplicator Corporation that he was in possession of information (but without disclosing the details of such information) constituting a full defense against the Hill patent; that prior to that time the said Worden had been engaged by Rowe-Williams, Inc., in the prosecution of certain patent applications cov-

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ering inventions owned by that company, and that when the consideration was paid by A. B. Dick Company to Rowe-Williams, Inc., and Joseph W. Rowe, the said Edward C. Worden was informed that he was in duty bound to stand by the interests then represented by Rowe-Williams, Inc., and to refund the retainer previously paid to him by the Simplicator Corporation, which was done, and that the said Worden thereafter declined further to assist in the defense of the Simplicator suit, and omitted or neglected to report to the attorneys representing the Simplicator Corporation the facts and circumstances known to him, the said Worden, regarding the Smith prior use, with the result that said attorneys never acquired knowledge of the said prior use, and the case proceeded to trial without evidence of such defense.

20. This defendant further answering, on information and belief, states that the withdrawal of the answers and the entry of the default decree in the Hesco case, and the filing of the New Jersey Suit against The H. E. Smith Company and Harry E. Smith, and the substantially recurrent filing of the New Jersey Suit against Rowe-Williams, Inc., and Joseph W. Rowe, all constituted a series of transactions which were undertaken after the representatives of A. B. Dick Company had made a full and complete investigation of the claims made on behalf of The H. E. Smith Company, and after such representatives had ascertained that such claims were true and correct, and that The H. E. Smith Company and its employees and representatives were in possession of full information concerning a prior use adequate to invalidate the Hill patent, and that such transactions were improper and collusive and in furtherance of an effort to give an unwarranted appearance of strength and validity to the Hill Patent, and that the withdrawal of the answers in the Hesco Suit was by collusive agreement and for the purpose of expunging from the records all reference to the early manufacture and sale of

Hesco stencils by The H. E. Smith Company and its representatives, and to the end that such prior use should not be brought to the attention of the representatives of the Simplicator Corporation, then engaged in the defense of a co-pending suit, or others like the present defendant.

21. This defendant is further informed and believes, and therefore charges the fact to be, that some or all of the parties involved in said collusive agreements, including H. E. Smith, Joseph W. Rowe and Edward C. Worden, have since that time been in the pay or in some measure under the domination and control of the A. B. Dick Company, and have scrupulously endeavored to conceal and evade any disclosure of the facts and circumstances involved in said transactions, with the result that this defendant, after making repeated efforts to secure detailed information from the parties conversant with the facts, has been unable to verify all of the transactions, save on information and belief, and are powerless to do so, save under Court process and by the aid of interrogatories which will compel full and complete disclosure of all phases of the transactions in question.

22. This defendant further shows, however, that prior to the time when H. E. Smith entered into said collusive agreement with representatives of the A. B. Dick Company, the Smith Company published and distributed to the trade the following notices, to-wit:

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"HESCO
Duplicator
Products

HESCO
Addressing

Address all Communications to the Company

THE H. E. SMITH COMPANY
135-141 South 15th Street
Newark, N. J.
(HESCO)

June 4, 1926.

The Heyer Duplicator Co., Inc.,
18 South Wells Street,
Chicago, Ills.

Gentlemen:

We have received information to the effect that the sale and distribution of several Dry Stencils has been discontinued. So that you may be properly informed and not be antagonized by propaganda and misinformation we repeat that this company has not been sued for infringement by the A. B. Dick Company, nor do we anticipate such suit. In any event, all our rights in this matter will be protected, and full protection given to the dealer and user of Hesco Dry Stencils.

Our rights to the use of Hesco Dry Stencils were established during 1913-1914, and the present product is manufactured in accordance with the product of twelve years ago.

All dealers should take advantage of the demand and possibilities for this excellent product, and the user can profit by the economy affected through its use.

We ask for your full co-operation and solicit your further patronage. YOU NO DOUBT APPRECIATE THE VALUE OF AN OPEN COMPETITIVE MARKET.

Very truly yours,

THE H. E. SMITH COMPANY,

(Signed) H. E. SMITH,
President."

"HESCO Duplicator Products

HESCO Addressing Stencils

Address all Communications to the Company

THE H. E. SMITH COMPANY
135-141 South 15th Street
Newark, N. J.

(HESCO)

IMPORTANT NOTICE

We learn that the A. B. Dick Company is distributing a circular advising the trade that several dry stencils, including our Hesco, are infringements of its Hill Patent No. 1,526,982.

As to the other stencils, that may be true—we do not pretend to know. But as to our Hesco, we would say that we manufactured and commercially exploited stencils of this composition many years before the application for the Hill Patent was filed, so that our paper cannot be an infringement of that patent, and we have a complete legal defense to a suit under said patent.

We have not been sued but are fully prepared to defend ourselves and our distributors against suit under this patent.

The Hesco Dry Stencil is the invention of The H. E. Smith Company, not of the A. B. Dick Company, and we have the tangible proof of this fact.

PRINTED WITH HESCO DRY STENCIL AND HESCO INK"

NOTE: This letter undated.

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23. This defendant further shows that after an agreement had been entered into with reference to the disposition of the litigation, The H. E. Smith Company sent out the following notice:

"HESCO Duplicator Stencils — Address all communications to the Company — HESCO Addressing Stencils

THE H. E. SMITH COMPANY
135-141 South 15th Street
Newark, N. J.

(HESCO)

IMPORTANT NOTICE

After due deliberation, we have arrived at the conclusion that the stencil sheet with a coating containing a cellulose compound, sold by us, is an infringement of United States Patent No. 1,526,982, granted February 17, 1925, to A. B. Dick Company, of Chicago, Illinois, and we have concluded that we would not be justified in defending the suit for infringement of that patent brought against us in the United States Court for the District of New Jersey. Accordingly, a decree has been entered in favor of A. B. Dick Company, by consent, for a perpetual injunction restraining the further infringement of the patent.

As we are obliged, therefore, to discontinue forthwith the manufacture or sale of stencil sheets having a coating including a cellulose compound and we are not prepared to produce or recommend any other kind, we have discontinued

that part of our business which was concerned in making and selling such supplies for stencil duplicating machines.

THE H. E. SMITH COMPANY

(Signed) H. E. SMITH,
President."

HESCO DRY STENCILS
SILTEX STENCILS
HESCO WAX STENCILS

(HESCO)

Incorporated 1913
Specializing in
Duplicator Supplies

NOTE: This letter undated

24. This defendant is informed that prior to the disposition of said Dick vs. H. E. Smith litigation, and while negotiating with The H. E. Smith Company with reference to the handling of Hesco Stencils, Mr. Theodore A. Heyer, President of The Heyer Duplicator Company, Inc., was interviewed by H. E. Smith, in Chicago, Illinois, and was on that occasion assured by the said Smith that he had a full and complete defense of prior use against the Hill patent, and that the Heyer company would be entirely safe in the handling of the Hesco Stencils; and on that occasion the said Smith showed to the said Heyer documentary evidence in the form of a bill of sale and bearing date more than two years prior to the application of the Hill patent, and relating to the sale of Hesco Stencil Sheets to some party in the middle West whose name was not disclosed to the said Heyer. This production of documentary evidence by Smith was accompanied by a statement that he would be able to prove by such evidence the fact that

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Hesco Stencil Sheets, having a coating of nitrocellulose, softened or tempered by oil, had been sold at a date which would constitute a complete defense to the Hill Patent.

25. This defendant is informed that none of the facts regarding said Smith Company's claim of prior use were known to the attorneys or representatives of the Simplicator Corporation until after the records had been closed and the decree entered in said suit; and that now for the first time is opportunity afforded, by the use of appropriate Court process, for the obtaining of a full and complete disclosure not only of the facts regarding the prior use, but of the nature of the agreements entered into to suppress and conceal the evidence relating to the same.

26. This defendant further answering, shows that if the facts and circumstances above set forth had been fully developed and proved in the aforesaid Dick vs. Simplicator suit, they would have constituted a full and complete defense to said suit, and would have established the fact that the supposed invention of the said Hill was in fact the invention of H. E. Smith, or others associated with him and working on his behalf, and that any effect of the decision heretofore rendered is nullified by the suppression of material evidence in the manner above set forth.

27. Defendant alleges that plaintiff, at all times, since the filing of the application for the Letters Patent here in suit, by reason of the assignment recited in the Bill of Complaint herein, having had full control of the prosecution of said Hill application, is estopped to deny the anticipating effect of the Campion Belgian patents Nos. 292,613 and 292,843 for the reason that during the prosecution of the application for the patent in suit the said Campion Patents were cited as anticipations of the invention claimed in said application, whereupon the applicant swore back of the filing date of the Campion patents under authority of Patent Office Rule 75, thereby admitting the anticipating

force of the said Campion Patents, and thereby preventing the Patent Office from applying the disclosure of said Campion patents as anticipations of, and as prior art negativing invention in, the application for the patent in suit.

28. Defendant further alleges that the plaintiff is further estopped to deny the operativeness and effectiveness of the said Campion Belgian Patents for the reason that plaintiff prior to the beginning of this suit and prior to the alleged infringement complained of herein, purchased the United States applications thereafter issued as United States Patents Nos. 1,592,338 and 1,592,340 to the said Campion, while the latter applications were still pending in the United States Patent Office, and thereafter prosecuted said applications for over two years, during all of which time and upon issuance of said applications into patents, plaintiff continuously asserted that said United States applications and patents corresponded to and were based on the aforesaid Belgian Campion Patents Nos. 292,613 and 292,843, and said plaintiff has continuously marked its stencil sheets as coming under said U. S. Campion patents, thereby taking advantage of the protection afforded by the said patents, and holding out to the public the operativeness of the said Campion patents and the corresponding Belgian patents to protect this plaintiff in its monopoly of the product alleged by it to be also covered by the patent in suit, and said plaintiff is estopped to assert that any portion of the said United States Campion patent disclosures differ from the disclosure of the corresponding Belgian Campion patents.

29. Further answering, defendant alleges upon information and belief that plaintiff is not entitled to relief in this Court of Equity because it does not come into Court with clean hands; and in support of this averment defendant alleges that plaintiff has been guilty of the following inequitable conduct:

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(a) After the rendering of the opinion by the Second Circuit Court of Appeals in the aforeidentified Dick vs. Simplicator case holding certain broad claims of the patent in suit invalid, plaintiff issued circulars to the trade misconstruing and misstating the holding of said Court, said circulars apparently being designed and intended to mislead the public as to the scope of the said Court's decision, especially since plaintiff herein had, immediately after the decision of the lower court in said case, sent broadcast to the trade copies of said lower Court's decision which held all the claims in the Hill patent valid, wherefrom the public of necessity assumed upon, reading said notices that the Court of Appeals had in all respects affirmed the lower Court, all of which constituted a flagrant misuse of the Court of Appeals opinion to harass and intimidate defendant's customers.

Said notices in words and figures read as follows:

"NEOSTYLE SALES AGENCY

(Branch Department of A. B. Dick Company)
General Offices
170 Fifth Avenue

New York, July 8th, 1929.

IMPORTANT BULLETIN

The United States Courts of Appeals has today affirmed the decision of the trial court in the Arlac case with a strong opinion in our favor.

Our patent is now validiated by the highest court, and the stencil sheets now being sold, and all others of a like nature which might be offered, containing

cellulose as broadly covered by the patent are infringements and will be summarily dealt with.

Yours very truly,

A. B. DICK COMPANY."

and

"A. B. DICK COMPANY
General Offices
720 West Jackson Boulevard
Chicago

July 8, 1929.

IMPORTANT

Stencil Paper Infringement Bulletin

The United States Court of Appeals for the Second Circuit has today affirmed the decision of the trial court in the Arlac stencil paper case with a strong opinion in our favor.

Our patent has now been sustained by the *highest court,* and the Arlac stencil sheets now being sold, and all others of a like nature which might be offered, containing cellulose tempered so as to make a stencil sheet, as broadly covered by the patent, are infringements and will be summarily dealt with.

Yours very truly,

A. B. DICK COMPANY."

(b) Despite the already pending heretofore identified suit in San Francisco brought against defendant by the plaintiff herein and despite the aforedescribed modification of the lower Court's opinion in said Simplicator case by the Court of Appeals, plaintiff has, nevertheless, harassed this defendant by again suing it in New York and upon all the claims of said patent in

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suit and has at no time intimated to defendant or his customer's that several of the broad claims of the Hill patent have been held invalid by the Court of Appeals, notwithstanding the fact that under the practice in the said Circuit Court of Appeals, as defendant is informed and believes, plaintiff is under the necessity of disclaiming the said broad claims before it is entitled to any further relief under the patent in suit, and notwithstanding the fact that plaintiff well knows the product sold by this defendant is materially different from the product of the defendant in the said New York litigation. Defendant believes and avers that the present suit is not being brought in good faith, but on the contrary for the purpose of causing this defendant financial embarrassment by forcing it to assume the defense of two suits at most widely separated points throughout the country, and with the purpose and intent of harassing defendant's customers; that defendant believes and avers that the filing of said second suit is a deliberate campaign for the purpose of destroying the credit of this defendant and of making it financially impossible for defendant to adequately carry on the present pending suit in San Francisco.

(c) Plaintiff has been guilty, as set forth in paragraphs 13 to 24 hereof, of inequitably suppressing evidence tending to show that the said Edward W. Hill was not the first and original inventor of the subject matter claimed in the Patent in suit.

(d) Plaintiff has been guilty of unfair competition with this defendant in that it has refused to service plaintiff's duplicating machines in the hands of customers thereof if and when said customers used therewith stencils sold by this defendant, and has refused to supply repair parts for such machines, notwithstanding that defendant's stencils were of superior quality and effectiveness as compared to plaintiff's stencils, and has

deliberately advised said customers that plaintiff's machines will not operate in conjunction with defendant's stencil paper, plaintiff's salesmen have also tampered with such machines to the end that they have been rendered inoperative, thereafter advising the user that said inoperativeness results from the use of defendant's stencil paper on said machines.

(e) Plaintiff has been guilty of unfair competition with this defendant in that it has refused to sell plaintiff's products to, and has cut off furnishing plaintiff's goods for sale by, dealers who also sell the stencils of this defendant, and because of such sale of defendant's product.

(f) Plaintiff has been guilty of unfair competition with this defendant in that it has procured the discharge or threat of discharge of persons selling defendant's stencils by unfairly coercing the employers of such persons selling defendant's stencils, and has further procured the withdrawal as stockholders from corporations selling stencil paper in competition with plaintiff of those who are employed by other concerns by threatening said other concerns that plaintiff would withdraw certain of its trade with said other concerns unless the latter by pressure upon said employees caused them to give up their interest in said stencil-paper-selling corporations thereby severely harassing defendant's business and prospects of business with said corporation, particularly so threatening the Bradner-Smith Co. of Aurora, Illinois, with the loss of appreciable business from the A. B. Dick Company, that the said Bradner-Smith Company prevailed upon one of the employees who was a stockholder in the Illinois Paper Company—a firm selling stencil paper and a prospective customer of defendant—to withdraw as a stockholder of said Illinois Paper Company, thereby seriously hampering the activities of said company.

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(g) Plaintiff has been guilty of unfair competition with this defendant in coercing certain publishers to refuse advertising space to this defendant by threatening to discontinue plaintiff's advertising therewith if defendant's advertisements are accepted and published.

(h) Plaintiff has been guilty of unfair competition with this defendant in coercing and threatening large users of duplicating machinery to shut off supplies and service procurable only from plaintiff if and when such users buy the stencils of this defendant, and/or if and when the employees thereof give defendant information or evidence assisting it in this litigation.

(i) Plaintiff while alleging in the said Dick vs. Simplicator litigation that Campion patents Nos. 1,592,338 and 1,592,340 are inoperative and do not describe practical stencils, as set forth in paragraph 28, has nevertheless marked its stencils under those patents, and has held out to the public that its stencils made under the patent here in suit are also protected by the said Campion patents.

(j) In prosecuting the application for the patent in suit, when confronted with the disclosures of the Campion patents above noted, plaintiff, as set forth in paragraph 27, deceptively swore back of the filing date of the applications for the said Campion patents, with the intent and effect of deceiving the Patent Office and avoiding the proper and legal effect of the said Campion patents as references.

COUNTER-CLAIM

Defendant herein, James Marr, by way of counter-claim against A. B. Dick Company says as follows:

1. That counter claimant has for a considerable time last past been extensively engaged in the sale of stencil sheets for use on duplicating machines, and has

built up and maintained a large clientele among purchasers and users of such supplies; that the stencil sheets sold by the counter claimant have been of excellent quality and well adapted and fitted for the use for which they are intended; that they are stencil sheets coated under an original formula which in no way infringes upon the Hill Patent No. 1,526,982; that, as counter claimant is informed and believes, the plaintiff, long prior to the filing of its bill in this cause, became fully conversant with the facts and circumstances indicating that said Hill patent was invalid and of no legal force and effect whatsoever, by reason of the prior manufacture and sale of stencil sheets embodying the coating described in the Hill patent by one Harry E. Smith and The H. E. Smith Company of Newark, New Jersey; that the A. B. Dick Company, and those acting on its behalf, by fraud, collusive agreements, and by the suppression of evidence, sought to cover up and conceal the facts pertaining to such prior use, as more fully set forth in detail in this the defendant's answer, with the result that such facts and circumstances were withheld from consideration by the District Court for the Southern District of New York, and by the Court of Appeals for the Second Circuit, in a suit entitled "A. B. Dick Company versus Simplicator Corporation, et al."

2. This counter claimant further shows that for a long time past, and prior to the decision of the District Court in the Simplicator Case, the plaintiff, A. B. Dick Company, by word of mouth, by circular letters, advertisements, and otherwise, as counter claimant is informed and believes, had notified the trade that the Hill Patent dominated the stencil art, including this counter claimant's product, well knowing the fact to be that the patent in suit was invalid and of no force and effect whatsoever, by reason of the prior use above referred to.

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3. This counter claimant further shows that subsequent to the decision of the District Court and of the Court of Appeals in the Simplicator suit, the plaintiff had greatly augmented its advertising and representations and has inaccurately and unfairly heralded the same to the trade, as set forth in paragraph 29 (a), with the result that the trade at large and the purchasing public have been intimidated into believing that the counter claimant's product cannot lawfully be purchased, used and dealt in, with the result that the counter claimant's business has greatly fallen off and its sales have been curtailed, and it has suffered loss and irreparable damage and injury to its business, in an amount in excess of Three Thousand ($3,000.00) Dollars, exclusive of interest and costs.

4. This counter claimant further shows that since the rendering of the decision of the Court of Appeals, the plaintiff, A. B. Dick Company, has instituted and has threatened to institute a large number of suits against all manufacturers, users and dealers in dry stencil sheets not of the plaintiff's manufacture; that a number of such suits have been filed, and that the trade at large rests in the belief, by reason of the decisions in the Simplicator case, that the Hill Patent is good and valid in law and covers a novel and meritorious invention, despite the fact that, as this counter claimant is informed and believes, said decisions were secured by fraud, collusion and the suppression of evidence, in manner and form as set forth in preceding portions of the answer herein.

5. This counter claimant is informed and believes, and therefore charges the fact to be, that the plaintiff will continue to harass and intimidate the trade by false and misleading statements of like character regarding the alleged validity of the Hill Patent and its rights thereunder, unless enjoined and restrained from so

doing, and that, in addition to the losses and damage and injury to its business, for which no adequate recourse may be obtained by legal action.

6. Counter claimant also asserts that the double prosecution to which he is now being subjected by the institution of the present suit while the aforeidentified San Francisco suit is pending has so harassed defendant that he has been damaged to an amount greater than $3,000.00.

7. Counter claimant further asserts that the unfair trade practices indulged in by plaintiff as set forth in paragraph 13 (d) hereof in and of themselves have resulted in irrevocable damage to defendant and to an amount in excess of $3,000.00.

James Marr theretofore prays as follows:

(a) That the plaintiff may be enjoined and restrained, both by temporary injunction during the pendency of this proceeding as well as by premanent injunction, from notifying the trade or others interested in or engaged in the manufacture, sale and use of stencil sheets, that the Hill patent in suit is in fact good and valid in law or of any force or effect whatsoever, or from advertising such fact by word of mouth, circular letter, trade advertisements, or otherwise, or from commenting upon or giving publicity to the decisions in the Simplicator suit, or from communicating or commenting upon the same as an adjudication of the fact that it is in possession of a valid patent covering a stencil product, or from otherwise damaging or injuring the counter claimant's business, or unlawfully interfering with the sale of its product in any manner whatsoever, or from indulging the practices set forth in paragraph 29 (a) to 29 (j) inclusive, or in any other unfairly competing practices.

(b) This counter claimant further prays that the plaintiff may be decreed to account to it for all damage

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and injury which it has heretofore suffered on account of the unfair and misleading representations made by the plaintiff, and that the counter claimant may have judgment therefor in accordance with the principles of equitable procedure applicable to the premises.

This Defendant and Counter Claimant therefore PRAYS:

1. That the bill of Complaint as filed with the above number and term be dismissed at plaintiff's costs.

2. That the plaintiff be compelled to make answer to the counter claim above set forth.

3. That a decree may be entered by this Court in conformity with the prayer contained in said counter claim.

JAMES MARR

EDWARD D. BOLTON
Solicitor for Defendant and
Counter Claimant
160 Broadway,
New York City

JAMES ADDINGTON AMES SEIBOLD
A. ARNOLD BRANT
Of Counsel

STATE OF NEW YORK }
COUNTY OF NEW YORK } ss:

JAMES MARR, being first duly sworn, deposes and says that he has read the foregoing Answer and Counter Claim and that the averments therein are true except as to matters stated on information, and that as to the latter he believes them to be true.

JAMES MARR

SUBSCRIBED AND SWORN TO
Before me this 30th day
of September, 1929.

ARTHUR MORRIS
Notary Public

[SEAL]

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UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF NEW YORK

A. B. DICK COMPANY, Plaintiff, *vs.* JAMES MARR, doing business as MARR DUPLICATOR COMPANY, Defendant.	In Equity No. 50-59

Reply to Defendant's Counter-Claim

(Filed October 10, 1929.)

The plaintiff for reply to the counter-claim in the answer of this defendant, says:—

1. The plaintiff is without knowledge as to the extent to which the defendant has been engaged in the manufacture or sale of stencil-sheets or as to its clientele or as to the quality of said stencil-sheets. Upon information and belief, it denies that the stencil-sheets sold by the defendant have been coated under an original formula which does not infringe upon the Hill patent No. 1,526,982, and alleges that the stencil-sheets sold by said defendant infringe said patent and the claims thereof held valid by the Court of Appeals in the decision referred to in the bill of complaint herein. The plaintiff denies that it has ever become conversant with any fact or circumstance indicating that said Hill patent was invalid or of no legal force or effect by reason of any prior manufacture or sale of any stencil-sheets embodying the coating described in the Hill patent by one Harry E. Smith or the H. E. Smith Company of Newark, New Jersey, or for any other reason whatsoever; denies that the plaintiff or those acting on its behalf, by fraud or collusive

agreements or by the suppression of evidence or otherwise, sought to cover up or conceal any fact pertaining to such alleged prior use or any other fact as set forth in the defendant's answer or at all, and this plaintiff says that it is not informed of any fact or circumstance impairing the validity of said Hill patent or any fact or circumstance not fully presented to the District Court for the Southern District of New York and the Court of Appeals for the Second Circuit in said suit of this plaintiff against Simplicator Corporation and others, which would have in any wise affected the result therein.

2. The plaintiff has from time to time notified a portion of the trade, and particularly infringers, of the existence of the Hill patent No. 1,526,982, as it is informed it was its right if not its duty, to do. It denies that said patent is invalid or known or believed by it to be invalid and the other allegations of paragraph 2 of the counter-claim except in so far as herein expressly admitted.

3. Replying to the allegations of paragraph 3 of the counterclaim, plaintiff says that, upon the decisions of the District Court and the Court of Appeals in the Simplicator suit therein mentioned, the plaintiff has informed some members of the trade of said decisions. It denies that anyone has been intimidated. It is without knowledge as to the beliefs of the trade at large or the purchasing public or the course of the defendant's business. It alleges that the stencil-sheet of the defendant is an infringement of said Hill patent No. 1,562,982, and denies each and all the allegations of paragraph 3 of the counter-claim not herein made the subject of specific reply.

4. Answering the allegations of paragraph 4 of the counter-claim, plaintiff says that since the decision of the Court of Appeals mentioned therein, the plaintiff has instituted a number of suits against infringers. It is without knowledge as to the belief of the trade at large. It alleges

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that the Hill patent aforesaid is good and valid in law and covers a novel and meritorious invention. It denies that said decisions were secured by fraud or collusion or the suppression of evidence in manner and form set forth in the defendant's answer herein or otherwise.

5. Answering the allegations of paragraph 5 of the counter-claim, plaintiff denies that it has harassed or intimidated or intends to harass or intimidate the trade or anyone by false or misleading statements or otherwise.

6. Upon information and belief, plaintiff denies each and all the allegations of paragraph 6 of the counter-claim.

Further replying, plaintiff alleges that on or about the 7th day of October, 1929, the Court of Appeals for the Second Circuit in the suit of this plaintiff against Simplicator Corporation and others, referred to in the bill of complaint and answer herein, handed down an opinion on petitions filed by the parties, of which a copy is hereto annexed; and plaintiff alleges that the claims of said Hill patent held valid by said Court of Appeals are valid and infringed by this defendant, that it is not informed of any fact or circumstance invalidating said claims and does not believe that any such fact or circumstance exists and, upon information and belief, that therefore said counter-claim does not make out any cause of action against this plaintiff.

Wherefore plaintiff prays that said counter-claim be dismissed with costs.

A. B. Dick Company,

By Albert B. Dick
President.

Archibald Cox
Solicitor and Counsel for Plaintiff

UNITED STATES CIRCUIT COURT OF APPEALS

FOT THE SECOND CIRCUIT.

A. B. DICK COMPANY,
Appellee,

against

SIMPLICATOR CORPORATION and MARTIN S. HEBERT,
Appellants.

ON MOTIONS FOR REARGUMENT AND AMENDMENT OF OPINION.

Before:

MANTON, L. HAND and AUGUSTUS N. HAND, Circuit Judges.

AUGUSTUS N. HAND, Circuit Judge:

There may be doubt about the statement in the opinion that Claims 1, 5, 10, 15, 17, 19 and 20 are not supported by the specification; but in any event there is no necessity at the present time for deciding as to the limits of the patent, or for going farther than to say that the claims other than 1, 5, 10, 15, 17, 19 and 20 are valid and infringed. Likewise the plaintiff should not be required to file a disclaimer of Claims 1, 5, 10, 15, 17, 19 and 20 seeing that a decision in respect to them upon the present record would be moot.

The motion of the appellants for a reargument is denied and the motion of the appellee for a modification of the opinion as to the disposition of claims 1, 5, 10, 15, 17, 19 and 20 is granted to the extent of dismissing the bill as to these claims not on the merits, but only on the ground that a decree as to them would be moot. The decree as thus modified is affirmed with costs.

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STATE OF NEW YORK }
COUNTY OF NEW YORK } ss.:

ALBERT B. DICK, being duly sworn, deposes and says that he is the president of A. B. Dick Company, the above named plaintiff; that he has read the foregoing reply to the defendant's counter-claim and knows the contents thereof and that the same is true except as to matters therein stated to be alleged upon information and belief and as to such matters he believes the same to be true.

ALBERT B. DICK

Subscribed and sworn to before me, }
this 10th day of October, 1929. }

SPENCER A. STUDWELL
Notary Public
N. Y. Co. Clk's No. 573, No. 1-S-456
(Seal) Term Expires March 30, 1931

In the Supreme Court of the United States

OCTOBER TERM, 1946

No. 504

JAMES MARR, DOING BUSINESS AS MARR DUPLICATOR COMPANY, PETITIONER

v.

A. B. DICK COMPANY

ON PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SECOND CIRCUIT

MEMORANDUM FOR THE UNITED STATES AS AMICUS CURIAE

The petitioner seeks review of a decision of the Circuit Court of Appeals affirming a decree awarding respondent damages and costs for infringement of respondent's Patent No. 1,526,982. The court's decision was rendered on June 26, 1946, and a petition for rehearing was denied on July 25, 1946.

On July 22, 1946, an indictment under the Sherman Act was returned in the United States District Court for the Northern District of Ohio, Eastern Division, against respondent and

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others (*United States* v. *A. B. Dick Company, et al.*, Cr. No. 18981) and on the same day a complaint under that Act was filed in said court (*United States* v. *A. B. Dick Company, et al.*, Civ. No. 24188). The Solicitor General deems it to be his duty as an officer of this Court to bring to the Court's attention the following allegations made in the foregoing indictment and foregoing complaint, which raise the question whether respondent's prosecution of the instant case may not constitute a fraud upon the courts:

> In or about 1922, an employee of Dick named Edward W. Hill applied to the United States Patent Office for a patent on a cellulose stencil and assigned his application to Dick. Beginning in or about 1923, and continuing for some time thereafter, cellulose stencils of a type similar to that described in the Hill application were manufactured or distributed, or both, by the H. E. Smith Co. (owned by Harry E. Smith) and Rowe-Williams Inc. (owned by Joseph W. Rowe). In 1925, a patent issued on the Hill application and, shortly thereafter, Dick commenced separate infringement suits on the Hill patent against Smith and Rowe and their respective companies. Smith and Rowe each defended on the ground that the Hill patent was invalid because of prior art.
>
> In 1927, while the patent suits against Smith and Rowe were awaiting trial, Dick entered into separate agreements with

them providing, among other things, for the payment by Dick of a substantial sum of money in installments, and further providing that an additional substantial sum would be paid by Dick unless, by 1931, the Hill patent had been declared invalid by a court of last resort. In consideration for these payments, Smith and Rowe each acknowledged the validity of the Hill patent, consented to the entry of a decree enjoining infringement of the Hill patent, transferred to Dick certain property including evidence tending to show anticipation of the Hill invention, and agreed to refrain from rendering assistance to any stencil manufacturer other than Dick.

Subsequent to the execution of the agreements referred to in the preceding paragraph, Simplicator Corp. and Arlac Dry Stencil Corp., competitors of Dick, in the course of defending infringement suits brought against them by Dick, each caused interrogatories to be propounded to Smith and Rowe dealing with the questions of prior art and the agreements made by Smith and Rowe with Dick. In response to these interrogatories, Smith and Rowe each concealed his pecuniary interest in an adjudication sustaining the validity of the Hill patent and each withheld evidence of prior art. The Hill patent was subsequently held valid in both actions.

In the above allegations the word "Dick" refers to A. B. Dick Company, the present re-

spondent, and the words "Hill patent" refer to Patent No. 1,526,982, the patent involved in this suit.

If the above allegations should be established on trial thereof, respondent has suppressed proof as to the prior art for the purpose of obtaining judicial decisions upholding the validity of the patent on which the present infringement suit is based; decisions so obtained were among those upon which the circuit court of appeals relied in the present case as having conclusively settled the validity of respondent's patent;[1] and respondent's continuing inequitable and fraudulent suppression of proof pertinent to the validity of its patent has withheld from the petitioner facts which, had they been available to it, might have defeated the present suit. Where a patentee has suppressed facts tending to show the invalidity of his patent, securing the aid of a court in enforcing the patent is a fraud on the court, and the court, on discovery of the true facts, will take whatever action is necessary to remedy this wrong. *Hazel-Atlas Co.* v. *Hartford-Empire Co.*, 322 U. S. 238. See *Keystone Driller Co.* v. *General Excavator Co.*, 290 U. S. 240; *Precision*

[1] The court, in stating that it and other circuit courts of appeals had uniformly upheld the validity of respondent's patent, cited, *inter alia*, *A. B. Dick Co.* v. *Simplicator Corp.*, 34 F. 2d 935 (C. C. A. 2), and *Arlac Dry Stencil Corp.* v. *A. B. Dick Co.*, 46 F. 2d 899 (C. C. A. 3). See 155 F. 2d 923, 924–925.

Instrument Mfg. Co. v. *Automotive Maintenance Machinery Co.*, 324 U. S. 806.

This Court has recently noted that "the inherent power of a Federal Court to investigate whether a judgment was obtained by fraud, is beyond question." *Universal Oil Products Co.* v. *Root Refining Co.*, Nos. 48 and 64, October Term, 1945, decided June 10, 1946, slip sheet opinion p. 4. This Court may wish to have an inquiry made to determine the truth of the facts alleged in the Government's antitrust proceedings before final disposition of this case, in view of the public interest in safeguarding the integrity of the judicial process and in not permitting misuse of the public grant which a patent represents. If this Court should so conclude and should set aside the judgment below and remand the cause for the purpose of taking such action as may be necessary in order to bring to trial the question of suppression of evidence by respondent, the United States will, on the request of either the circuit court of appeals or the district court, offer its services as *amicus curiae* in the framing and trial of the issue. Cf. *Universal Oil Products Co.* v. *Root Refining Co.*, *supra*.

J. HOWARD MCGRATH,
Solicitor General.

OCTOBER 1946.

U. S. GOVERNMENT PRINTING OFFICE: 1946

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CHARLES ELMORE CROPLEY
CLERK

IN THE

Supreme Court of the United States

October Term, 1946.

No. 504.

JAMES MARR, Doing Business as MARR DUPLICATOR COMPANY,

Petitioner,

AGAINST

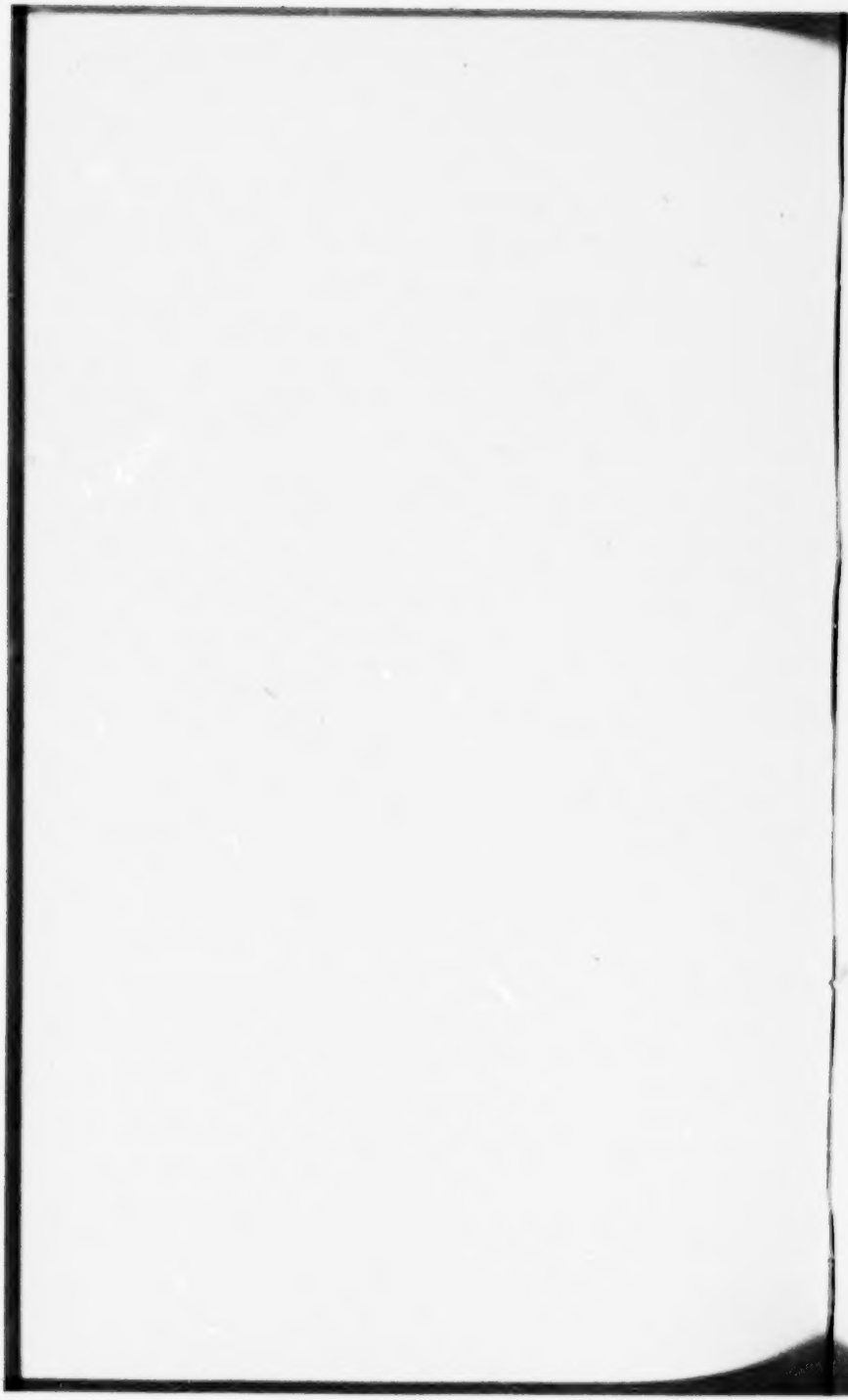
A. B. DICK COMPANY,

Respondent.

Motion by James Marr, Doing Business as Marr Duplicator Company, for Clarification or Modification of Order and Mandate of This Court.

EDWARD D. BOLTON,
Counsel for Petitioner.

LODER APPEAL PRESS, INC., 65-67 Duane St., N. Y. C., Tel. WOrth-2-0689



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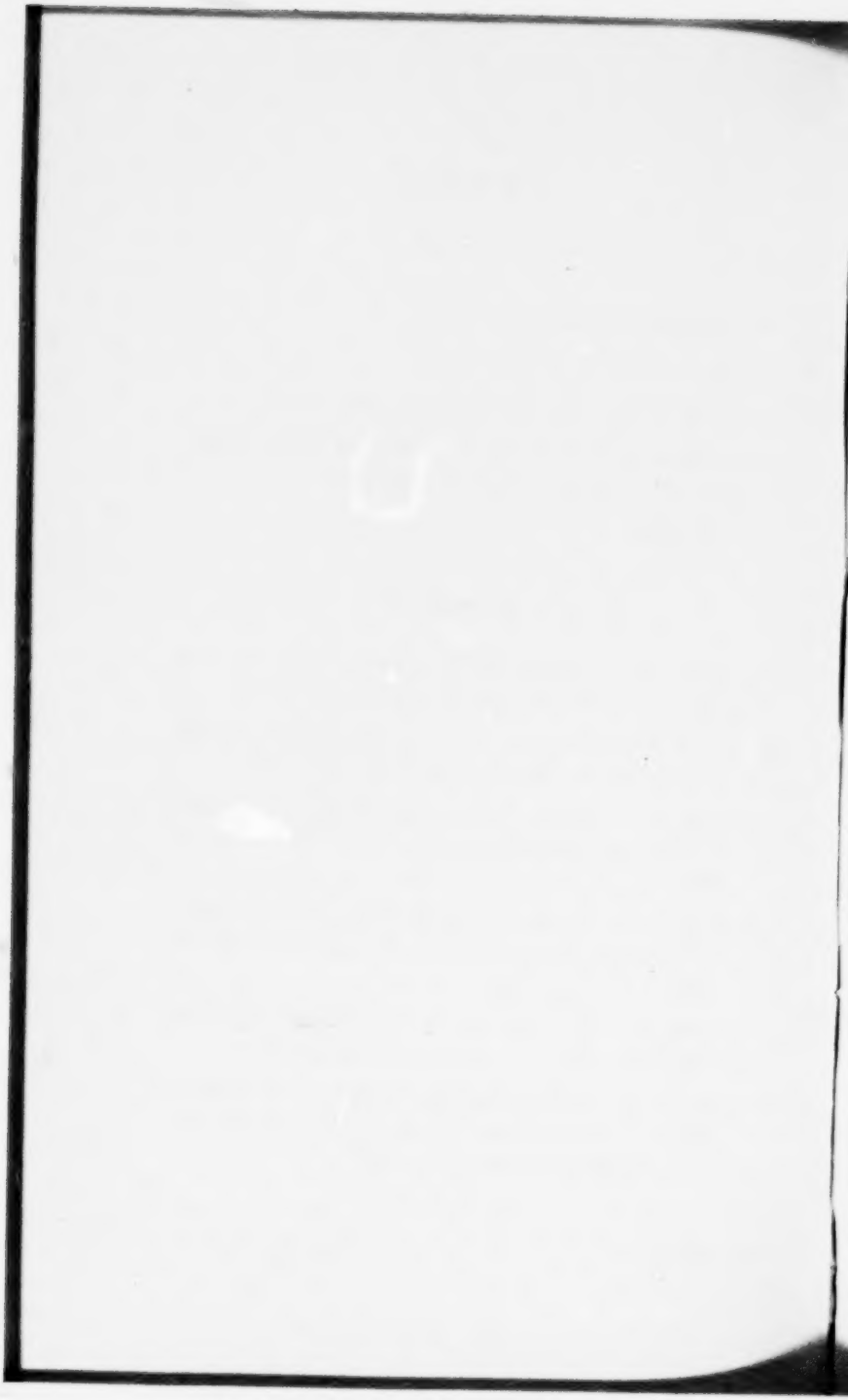

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1946.

No. 504.

JAMES MARR, Doing Business as MARR DUPLICATOR COMPANY,
Petitioner,

AGAINST

A. B. DICK COMPANY,
Respondent.

Motion by Petitioner for Clarification or Modification.

Now comes JAMES MARR, doing business as MARR DUPLICATOR COMPANY, the petitioner in the above entitled cause, and respectfully moves this Court for an order clarifying or modifying the order of this Court, dated and entered the 12th day of November, 1946, No. 504—October Term—1946, and the mandate issued thereon dated the 20th day of December, 1946.

I.

Reasons for Motion.

This motion is submitted because:

A. Petitioner is uncertain as to the meaning of the decision and mandate of this Court with respect to the statement in the order of the Court—"the petition for writ of certiorari is granted",—and more particularly:

(1) Whether the appeal to this Court has been allowed on the merits, but that the docketing and argument of the case is to be held in abeyance until the determination of the question raised by the Solicitor-General of the United States as to "whether respondent's prosecution of the instant case may not constitute a fraud upon the courts," and

(2) Whether consideration of the issues raised by the writ of certiorari have been deferred until the determination of the aforesaid question raised by the Solicitor-General.

B. Petitioner is uncertain as to whether this Court, in remanding this case to the Circuit Court of Appeals for consideration of the issues and by vacating the judgment of the Circuit Court of Appeals, intended that upon the remanding of said issues by the Circuit Court of Appeals to the District Court, the said Circuit Court of Appeals was in turn to vacate the judgment of the District Court.

C. The Circuit Court of Appeals has interpreted the order and mandate of this Court in a manner which imperils petitioner's rights in this case.

II.

Introductory Statement.

The above suit was instituted by the respondent in the United States District Court for the Southern District of New York for alleged infringement of U. S. Patent Number 1,526,982. Judgment was entered in favor of the respondent representing alleged profits of the petitioner through infringement and was affirmed by the Circuit Court of Appeals for the Second Circuit. A petition for a writ of certiorari was thereafter filed with this Court.

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While the petition was pending and before this Court had rendered any decision on its merits, the Solicitor-General of the United States filed a brief as *amicus curiae*, directing the attention of this Court to an indictment returned against the respondent in the Northern District of Ohio, Eastern Division. The Solicitor-General asserted that certain allegations in the indictment raised the question "whether respondent's prosecution of the instant case may not constitute a fraud upon the courts," and urged that the allegations, if established, would constitute a fraud upon the courts.

III.

The Order and Mandate of This Court.

On November 12, 1946, this Court entered an order in which it granted the petition for writ of certiorari, vacated the judgment of the Circuit Court of Appeals for the Second Circuit and remanded the cause to the said Circuit Court of Appeals for consideration by that court of the question raised by the Solicitor-General in his memorandum as *amicus curiae*, "whether respondent's prosecution of the instant case may not constitute a fraud upon the courts." No disposition upon the merits appears to have been made of the issues raised in the petition for writ of certiorari, although this Court in the *per curiam* order stated—"The petition for writ of certiorari is granted."

A mandate was issued on the order on December 20, 1946, ordering and adjudging that the judgment of the said United States Circuit Court of Appeals be vacated and further ordering that the cause be remanded to said Circuit Court of Appeals for consideration of the question raised by the Solicitor-General of the United States in his memorandum as *amicus curiae*, and that such proceedings be had in such cause in conformity with the judgment of this Court, the said writ of certiorari notwith-

standing. A copy of the order is hereto attached, marked "Exhibit A", and a copy of the mandate of this Court, issued pursuant thereto, is hereto attached, marked "Exhibit B."

The language of the order of this Court and the mandate issued thereon stating that "the petition for writ of certiorari is granted" permits of the interpretation (a) that the appeal to this Court has been allowed on the merits, but that the docketing of the case and filing of the record thereof with the Clerk of this Court is to be held in abeyance until the question "whether respondent's prosecution of the instant case may not constitute a fraud upon the courts" has been considered and passed on by the lower court, or (b) that this Court, in granting the petition for writ of certiorari and ordering the Circuit Court of Appeals to vacate its judgment and consider the question raised by the Solicitor-General, has deferred consideration of the questions specifically brought forward by the writ of certiorari, and has preserved the right of the petitioner to be heard on the issues raised in his petition, pending the consideration and determination by the lower court of the question raised by the Solicitor-General "whether respondent's prosecution of the instant case may not constitute a fraud upon the courts."

In either event, we do not believe that this Court in granting the petition for certiorari intended that its decision should be so construed as to deprive the petitioner of the jurisdiction of this Court and of the right to be heard on the issues raised in the petition for writ of certiorari.

IV.

Construction of the mandate of this court by the Circuit Court of Appeals.

After receipt of the mandate of this Court the Circuit Court of Appeals entered an order on December 31, 1946, and issued a mandate pursuant thereto in which it vacated

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its decision and judgment and remanded the cause to the District Court for consideration of the question "whether respondent's prosecution of the instant case may not constitute a fraud upon the courts." A copy of the order of the Circuit Court of Appeals is hereto annexed, marked "Exhibit C," and a copy of its mandate is annexed, marked "Exhibit D".

The Circuit Court of Appeals, however, did not take any action with respect to the judgment of the District Court. The failure of the Circuit Court of Appeals, to take some action, whether by vacating the District Court judgment or otherwise, to preserve petitioner's rights of appeal, caused counsel for petitioner to make inquiry at the office of the Clerk of the Supreme Court of the United States relative to the status of his petition for writ of certiorari. He was advised that the issues raised in the petition had not been considered on their merits and, furthermore, it was not believed that the Court had retained jurisdiction of the application for the writ. In the course of this inquiry it was suggested to counsel for the petitioner that application be made to the Circuit Court of Appeals or the District Court to have the judgment of the District Court vacated, and if counsel was unsuccessful, that he make application to this Court for relief.

Petitioner thereupon promptly made application to the Honorable John C. Knox, Senior Judge of the United States District Court for the Southern District of New York, for an order vacating the judgment of the District Court on the ground that such vacation was necessary in order to preserve petitioner's right of appeal in the event the government, whose presence is necessary as an intervener, should fail to substantiate the charge that respondent in fraudulently suppressing evidence had interfered with the orderly and proper procedure of the administration of justice. The Government of the United States, represented by the Attorney-General's Office, appeared in said hearing before Judge Knox and stated:

"If the judgment should be vacated, the government could file application to intervene submitting its pleadings. The plaintiff could then respond to the pleading, then the matter could proceed as an orderly issue in litigation following the Rules of Civil Procedure and following the remedies available to all parties, the defendant or otherwise; and eventually following it right through to hearing and judgment as may be indicated by the facts disclosed.

It seems almost implicit in the decision of the Supreme Court that the duty has been placed upon the government to present the evidence" (pp. 22-23).

Judge Knox stated, "The question in my mind is as to whether this Court should follow the lead of the Supreme Court and the Court of Appeals and vacate this judgment" (p. 19) and "I should think that it might possibly be that this judgment could be vacated here and the hearing could be had as to whether or not fraud was practiced on the court, and if it were held that no such fraud existed, the judgment could be reinstated" (p. 20). He further stated that he did not believe that he was empowered to vacate the District Court judgment under the limited terms of the Circuit Court of Appeals mandate. He suggested that petitioner make application to that court for the issuance of specific instructions to the District Court to vacate the judgment. A transcript of the proceedings before Judge Knox is annexed hereto and marked "Exhibit E."

In accordance with the suggestion of Judge Knox, petitioner applied to the Circuit Court of Appeals for an order recalling its mandate and that it be amended by inserting a specific direction providing for the vacation of the judgment of the District Court, pending determination

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of the question raised by the Solicitor-General, or otherwise preserving petitioner's right of appeal, should the fraud charge be dismissed.

On February 18, 1947, the Circuit Court of Appeals denied petitioner's application in a memorandum opinion in which it stated that it was its interpretation of the mandate of the Supreme Court that the District Court judgment was to be vacated "only in case it finds that the prosecution did so constitute fraud." "A copy of the memorandum opinion of the Circuit Court of Appeals is attached hereto and marked "Exhibit F."

From the actions of the Circuit Court of Appeals it appears that it has erroneously interpreted the mandate of the Supreme Court as directing the remission of this case to the District Court for consideration of the fraud issue and directing that the judgment, which acts as a bar to petitioner's right of appeal, remain in full force unless and until the charge of fraud upon the Court is substantiated.

While petitioner concedes that the Circuit Court of Appeals had the discretionary right to remand the fraud issue to the District Court for consideration, it is respectfully submitted that this power should not have been exercised in a manner which would imperil or destroy petitioner's rights. We assume that it was the intention of the Supreme Court of the United States, in remanding the cause to the Circuit Court of Appeals for consideration of the question raised by the Solicitor-General of the United States in his memorandum as *amicus curiae*, "Whether respondent's prosecution of the instant case may not constitute a fraud upon the courts", that in the event the Circuit Court of Appeals in the use of its discretionary powers should remand the cause to the District Court for consideration of the question of fraud, it would in its mandate direct the District Court to vacate its judgment, thereby carrying out the intent of the Supreme

Court. There was no occasion for the Circuit Court of Appeals to resort to an interpretation that is contrary to the general intention expressed by the Supreme Court in its mandate.

V.

Prayer.

It is respectfully requested that this Court clarify or modify its order dated November 12, 1946, and its mandate dated December 20, 1946, either by

(a) Directing that in the granting of the petition for writ of certiorari the appeal to this Court has been allowed on the merits, but that the docketing of the case and filing of the record thereof with the Clerk of this Court is to be held in abeyance pending the determination of the question raised by the Solicitor-General, "Whether respondent's prosecution of the instant case may not constitute a fraud upon the courts," or

(b) Directing that the jurisdiction of this Court be retained over the within cause pending the determination of the issue, "Whether respondent's prosecution of the instant case may not constitute a fraud upon the courts," and that in the meantime consideration of the questions raised by the petitioner in his petition for a writ of certiorari be held in abeyance, or

(c) Directing that the term of this Court be extended to enable the petition for writ of certiorari on the merits, to be submitted after the remand of this Court has been completed, or

(d) Directing that if the questions of fraud as raised by the Solicitor-General have been properly remanded by the Circuit Court of Appeals to the District Court for

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consideration, then the judgment of the District Court shall be vacated and it is suggested that this Court so order.

Petitioner further prays that he be granted such other and further relief as to this Court may seem just and proper.

Respectfully submitted,

EDWARD D. BOLTON,
Counsel for Petitioner.

March, 1947.

"Exhibit A."

ORDER.

SUPREME COURT OF THE UNITED STATES
(Washington 13, D. C.)

November 12, 1946

"*Per Curiam*: The petition for writ of certiorari is granted. The judgment of the Circuit Court of Appeals is vacated and the cause is remanded to that Court for consideration of the question, raised by the Solicitor-General in his memorandum as *amicus curiae*, "whether respondent's prosecution of the instant case may not constitute a fraud upon the courts' ".

"Exhibit B."

Mandate

UNITED STATES OF AMERICA ss:

THE PRESIDENT OF THE UNITED STATES OF AMERICA,

To the Honorable the Judges of the United States Circuit Court of Appeals for the Second Circuit.

GREETING:

Whereas, lately in the United States Circuit Court of Appeals for the Second Circuit, in a cause between James Marr, Doing Business as Marr Duplicator Company, Appellant, and A. B. Dick Company, Appellee, Docket #19939, wherein the judgment of the Circuit Court of Appeals entered in said cause on the 26th day of June, A. D., 1946, was in favor of said Appellee, A. B. Dick Company and against the said Appellant; as by the inspection of the transcript of record of the said United

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States Circuit Court of Appeals which was brought into the SUPREME COURT OF THE UNITED STATES by virtue of a writ of certiorari, agreeably to the Act of Congress in such case made and provided, fully and at large appears.

AND WHEREAS, in the present term of October, in the year of our Lord, one-thousand nine-hundred and forty-six, the said cause came on to be heard before the Said Supreme Court, on the said transcript of record, and was duly submitted.

ON CONSIDERATION WHEREOF, It is now here ordered and adjudged by this Court that the judgment of the said United States Circuit Court of Appeals in this cause be, and the same is hereby vacated, each party to pay his or its own costs in this Court.

AND IT IS FURTHER ORDERED, that this cause be, and the same is hereby remanded to said Circuit Court of Appeals for consideration of the question, raised by the Solicitor General of the United States in his memorandum as *amicus curiae* "whether respondents prosecution of the instant case may not constitute a fraud upon the courts."

November 12, 1946

You, therefore, are hereby commanded that such proceedings be had in said cause, in conformity with the judgment of this court, as according to right and justice, and the laws of the United States, ought to be had, the said writ of certiorari not withstanding.

WITNESS, the Honorable Fred M. Vinson, Chief Justice of the United States, the twentieth day of December in the year of our Lord, one thousand nine-hundred and forty-six.

(Signed) CHARLES ELMORE CROPLEY
Clerk of the Supreme Court
of the United States

"Exhibit C."

ORDER.

UNITED STATES CIRCUIT COURT OF APPEALS

SECOND CIRCUIT

At a Stated Term of the United States Circuit Court of Appeals, in and for the Second Circuit, held at the United States Courthouse, in the City of New York, on the 31st day of December, one thousand nine hundred and forty-six.

Present:

HON. LEARNED HAND,
HON. AUGUSTUS N. HAND,
HON. CHARLES E. CLARK,
Circuit Judges.

A. B. DICK COMPANY,
Plaintiff-Appellee,

v.

JAMES MARR, d/b/a MARR DUPLICATOR COMPANY,
Defendant-Appellant.

The above entitled case having been taken to the Supreme Court of the United States by writ of certiorari, and the mandate of said Court having been received vacating the judgment of this Court and remanding said

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ase "for consideration of the question, raised by the Solicitor General of the United States in his memorandum s *amicus curiae*, 'whether respondent's prosecution of the nstant case may not constitute a fraud upon the courts' ",

Upon consideration thereof, it is

Ordered that said mandate be filed and the decision of said Supreme Court of the United States be made the decision of this Court.

Further ordered that the former decision and judgment of this Court and the mandate issued thereunder be vacated and set aside.

Further ordered that the case be remanded to the District Court of the United States for the Southern District of New York for consideration of the question whether respondent's prosecution of the instant case may not constitute a fraud upon the courts.

Further ordered that a mandate issue accordingly.

(signed) ALEXANDER M. BELL,
Clerk.

"Seal"

"Exhibit D."

MANDATE—CIRCUIT COURT OF APPEALS, SECOND CIRCUIT.

UNITED STATES OF AMERICA, ss:

THE PRESIDENT OF THE UNITED STATES OF AMERICA

To the Honorable Judge of the District Court of the United States for the Southern District of New York

GREETING:

WHEREAS, lately in the District Court of the United States for the Southern District of New York, before you or some of you, in a cause between A. B. Dick Company and James Marr, d/b/a Marr Duplicator Company, was entered in the office of the clerk of said Court from which an appeal was duly taken, as by the inspection of the transcript of the record of the said Court, which was brought into the United States Circuit Court of Appeals for the Second Circuit, by virtue of an appeal, agreeably to the act of Congress, in such case made and provided fully and at large appears, and this Court having affirmed the decision of said District Court of the United States; and the said case having been taken to the Supreme Court of the United States by writ of certiorari; and the mandate of said Supreme Court of the United States having been filed vacating the judgment of this Court and remanding said case to this Court "for consideration of the question, raised by the Solicitor General of the United States in his memorandum as *amicus curiae*, 'whether respondent's prosecution of the instant case may not constitute a fraud upon the courts.'"

AND WHEREAS, in the present term of October, in the year of our Lord one thousand nine hundred and forty-six,

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the said cause came before the said United States Circuit Court of Appeals for the Second Circuit, on the said mandate of the Supreme Court of the United States:

On consideration whereof, It Is Hereby

Ordered, adjudged, and decreed

that the former decision and judgment of this Court and the mandate issued thereunder be vacated and set aside.

Further ordered that the case be remanded to the District Court of the United States for the Southern District of New York for consideration of the question whether respondent's prosecution of the instant case may not constitute a fraud upon the courts.

You, therefore, are hereby commanded that such further proceeding be had in said cause, in accordance with the decision of this Court as according to right and justice, and the laws of the United States, ought to be had, the said appeal notwithstanding.

Witness, the Honorable Fred M. Vinson, Chief Justice of the United States, the 31st day of December, in the year of our Lord one thousand nine hundred and forty-six.

(signed) Alexander M. Bell
Clerk, of the U. S. Circuit Court of
Appeals, for the Second Circuit.

"Exhibit E."

TRANSCRIPT OF THE PROCEEDINGS BEFORE HON. JOHN C. KNOX, DISTRICT JUDGE.

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF NEW YORK.

A. B. DICK COMPANY, *Plaintiff*, vs. JAMES MARR, doing business as MARR DUPLICATOR COMPANY, *Defendant*.	E. 50-59

Before: HON. JOHN C. KNOX,
District Judge.

New York, January 31, 1947;
2.00 o'clock p.m.
(In Chambers)

APPEARANCES:

ROBERT W. BYERLY, ESQ., Attorney for Plaintiff; Robert W. Byerly, Esq., Bruce Bromley, Esq., and Ralph Watson, Esq., of Counsel.

EDWARD D. BOLTON, ESQ., and C. P. GOEPEL, ESQ., Attorneys for Defendant.

LESTER L. JAY, ESQ., WILLIAM P. LEWIS, ESQ., Anti-Trust Division, Department of Justice.

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The Court: Will you make a short statement of the situation as it now exists for the purpose of the record?

Mr. Bolton: On October 2nd—if I can refer to a little paper which I have I will be able to give those dates more accurately.

On October 2, 1943, a judgment was entered in the District Court for the Southern District of New York in favor of the plaintiff and against the defendant. The defendant appealed to the United States Circuit Court of Appeals from that judgment. The Circuit Court of Appeals affirmed the judgment. A petition was then filed for a rehearing and the petition for rehearing was denied.

The Circuit Court of Appeals decided the case on June 26, 1946. The argument was heard on December 10, 1945.

We then applied to the Supreme Court of the United States for a writ of certiorari. The petition and the record was filed, and while that matter was pending before the Supreme Court of the United States, the Solicitor General of the United States submitted a brief or memorandum *amicus curiae,* in which he brought before the Court and alleged—which he alleged in his memorandum that the A. B. Dick Company had perpetrated a fraud upon the Court in that it had purchased and suppressed evidence.

The United States Supreme Court granted the writ and referred the matter back to the District Court—to the Circuit Court of Appeals, that is, to take evidence upon the question as to whether a fraud had been perpetrated upon the courts.

The matter came before Judge Learned Hand, and counsel representing the various parties appeared. Judge Learned Hand ruled that he would refer—that is, the full bench, consisting of Judge Learned Hand, Judge Clark and Judge Augustus Hand, ruled that the matter would be referred to the District Court and that an order without notice would be entered.

Subsequent to that the mandate came down from the Supreme Court, and the Circuit Court of Appeals did enter an order, and in that order the Court directed that its judgment in accordance with the directions set forth in the mandate of the United States Supreme Court would be vacated and set aside, and that a mandate issue to this Court. In that mandate it was stated that the judgment of the Circuit Court of Appeals and its decision was vacated and set aside, and that the question as to whether a fraud had been perpetrated upon the courts or not was referred to this Court for consideration.

The mandate of the Circuit Court of Appeals failed to provide that the judgment entered in this court be vacated.

I think that is substantially the situation.

The Court: That is as I understood it from the statement which you made before me the other day at which time you and Mr. Jay were here. At that time I told you that I thought you had better get counsel for the other side and have them come up to see what course of procedure should be followed in regard to the mandate of the Circuit Court of Appeals.

Mr. Bolton: I came before your Honor due to the fact that I spoke to the clerk of the court, and the clerk of the court informed me that this being a unique and novel matter, that he thought that I ought to consult with you because he was not sure as to whether it should come up before the judge sitting in Special Term or should come before the Chief Justice of this court. He said that usually matters of this character were brought before the Chief Justice.

What I had in mind was mainly the question of having this matter referred to a certain judge, if possible, and fixing as early a date as possible, and also discussing the question whether this Court in view of the mandate of the Circuit Court of Appeals could vacate that judgment, and I think that is the purpose of our hearing today.

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The Court: That seems to me to be the point presently at issue, because under the mandate of the Court of Appeals, it appears to me that we have got to take testimony as to whether a fraud was committed upon the courts. The question in my mind is as to whether this Court should follow the lead of the Supreme Court and the Court of Appeals and vacate this judgment. I was desirous of hearing the attorneys for the plaintiff on that point.

Mr. Byerly: I have handled this litigation for A. B. Dick Company for a good many years, and I am frankly puzzled by this mandate of the Supreme Court which might be construed as an attack upon my personal integrity, and I felt that under those circumstances the only proper thing to do was for us to get other counsel in to handle this particular matter. I would appreciate it if your Honor would hear from Mr. Bromley on that.

Mr. Bromley: May it please your Honor, I should think that we ought to wait until the disposition of the criminal case, but if that is not agreed to or thought desirable by you, then it seems to me that——

The Court: You are referring to the indictment now pending out in Ohio?

Mr. Bromley: Yes, sir.

The Court: That would be very desirable, but I think that imposes some complications as far as you are concerned.

Mr. Bolton: That is true, sir.

There is one other point which I did not bring up, your Honor, and that is that I find we are in a position that we have got to do something with regard to having this judgment vacated in order to protect our rights of appeal. As it now stands, the judgment is still a judgment of the District Court. I was informed by the clerk of the United States Supreme Court that we either do one of two things: have the judgment of the District Court vacated or apply to that court for some sort of relief.

The Court: Apply to the Supreme Court?

Mr. Bolton: Apply to the Supreme Court, but the clerk said that he doubted very much whether the Supreme Court would grant relief unless we could show that we went through or proceeded through every avenue to have this judgment vacated.

The Court: Could it not be stayed?

Mr. Bolton: I do not think a stay would answer the question.

Your Honor, you see, the defendant in this case—I will put it this way: This is not a case where fraud has arisen between the actual parties. This question of fraud was brought in by the Government and not raised by the defendant.

The Court: I should think it might possibly be that this judgment could be vacated here and the hearing could be had as to whether or not fraud was practiced on the court, and if it were held that no such fraud existed, the judgment could be reinstated.

Mr. Bolton: That is true, sir. Then that would give us the opportunity, in the event the Court should hold that a fraud was not committed, then that would keep the time open for us to appeal from the new judgment when reinstated.

Mr. Bromley: I have this in my mind: to proceed to a hearing or a trial with testimony now. I should think that it would only be satisfactorily done if we had some paper to frame the issue.

I would like to call to your Honor's attention these facts which were not before the Supreme Court:

The charge in the Government's *amicus* brief, taken out of the indictment, to the effect that the plaintiff Dick in the infringement suit suppressed evidence and concealed material facts, was pleaded by this defendant in his answer in this suit. That is not a part of the Supreme Court record.

The Court: Was that issue tried in this case here?

Mr. Bromley: No, he did not pursue it, but it was pleaded, and the issue was tendered, in almost the precise form in which it appears in the indictment as quoted from in the Government's *amicus* brief.

I am not adverting to that in an attempt to argue the merits, but it does seem to me that that makes it appropriate for the application of Rule 60 (b), and that what ought to be done, if anything be done before the criminal trial, is that the defendant ought to make a motion under that rule to set the judgment aside on papers that frame the issue on which we could have an opportunity to answer.

I believe that the true nature of this proceeding is nothing more than an application to set aside for newly discovered evidence. I think that is the most that can be said for it, because they knew enough about the facts to plead it as a defense and to plead it as a counterclaim.

True, they did not see fit to follow it up, but the issue was tendered, it is in the pleadings now, and it has been adjudicated under doctrines of *res adjudicata*, in spite of the fact that they did not litigate it actively, and therefore I should think they ought to pursue an orderly method under Rule 60 (b) and file a motion.

The Court: I think that it is the desire of counsel for the defendant to find some feasible means of going forward and getting the thing determined, and at the same time protect their rights in seeking relief, if they see fit to do so, on the judgment as it now stands on the dockets.

Mr. Bromley: The Circuit Court of Appeals has held that six months' limitation in Rule 60 (b) does not apply to this situation, and that they can make this motion in spite of the fact that more than six months has elapsed.

Woodward v. *United States* decided that, I think, squarely in 142 Fed. (2d), and I should think what ought to be done is to have that motion made.

The Court: I should think there ought to be formal papers before the Court on which a record can be made.

Mr. Bromley: I should, too, sir, and of course under the rule they could bring an independent action to set aside the judgment for fraud. I do not much care what form it takes, but I submit that it ought to take one form or the other, and it seems to me that in view of the state of the pleadings there ought to be a motion.

Mr. Jay: May the Government be heard on that?

Mr. Goepel: I would like to be heard first.

Mr. Jay: The Government is in accord, and I believe your Honor is familiar with it, with the proposition pointed out by Mr. Bromley, that we should have some pleading here which would define the particular matter which is to be taken up eventually by the Court, both for the purpose of clarifying the particular issues involved, and also for the purpose of assisting the Court in the conduct of the hearing.

The suggestion of Mr. Bromley that the defendant proceed in this matter raises the difficulty that the particular issue that has been created here or recognized at least and sent to us by the Supreme Court of the United States was an issue arising from the action of the Solicitor General. It would seem, therefore, on that one point at least, that it should be for the Solicitor General to, or, at least, for the United States to frame the particular issue and present this pleading, or however we may denominate it, which will clarify and define that issue.

There is also the point which might be made that, from what I understand, the defendants are unacquainted with the facts upon which these charges are based, and whereas the Government presumably is by virtue of the indictment and by virtue of its position insofar as investigation is concerned and so forth.

Our suggestion is that the Government—that is, if the judgment here should be vacated—the Government could file application to intervene submitting its pleading. The

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plaintiff could then respond to that pleading. Then the matter could thereafter proceed as an ordinary issue in a litigation, following the Rules of Civil Procedure and following the remedies available to all parties, the defendants or otherwise; and eventually following it right through to hearing and judgment as may be indicated by the facts disclosed. We could then follow an orderly procedure.

It seems almost implicit in the decision of the Supreme Court that the duty has been placed upon the Government to present this evidence, and then the problem of getting the Government into the case would be disposed of, and Mr. Bromley's problem of having the issue framed would be disposed of, and the Court's problem of having a procedure to follow in order to properly investigate this particular question with full regard to due process for all parties would also be resolved.

Mr. Goepel: May I suggest this; As far as the defendant is concerned, in this case the defendant is merely the vehicle in which this new proceeding developed, so that this new proceeding is really a special proceeding in which the Government has the laboring oar and the defendant in a sense sits on the sidelines, excepting always to safeguard its interests.

The point, as I see it, is not the point that Mr. Bromley just indicated, but the point is that the administration of justice is being inquired into, whether there has or has not been some interference with the proper procedure of administration of justice, and there, I submit, that this Court has full power to initiate a special proceeding in which this question is to be proven and decided.

I think that is in direct line with the statement in the *Universal Oil* case where it says that the inherent power of the Federal Court to investigate whether a judgment was obtained by fraud is beyond question.

The Court: I have just gone through the same procedure in the *Fox Theatres* case, where I opened up these

reorganizations that were conducted before Judge Manton ten years ago, and settled one of the claims this morning for $250,000.

I have no doubt about the power of a court in equity to do that. In that case, after preliminary representations were made to me, the trustees holding the property came in and started this proceeding in that old litigation that is still going on now.

Is there any objection to what has been suggested by Mr. Jay?

Mr. Bromley: Well, as I remember it, Judge Hand said the other day that he did not know that the time had yet come when the Department of Justice was the keeper of the morals of all of us. The mandate does not say anything about the Government of the United States coming into this litigation.

The Court: If it was to come in, there is no reason why it should not make the effort to come in.

Mr. Bromley: That is right, I quite agree.

The Court: And if the defendant wants to join in the application or to make a separate application for that purpose, that is well and good. In either event there will be a pleading to which a response could be made and an issue formed or framed. Then the matter can be heard, and the judge who hears it, if he sees fit, can, as I suggested at the outset, open the judgment and hold it in *status quo*, or hold the plaintiff in *status quo*, pending a hearing upon the applications that are going to be tendered by the Government or by the defendant.

If the allegations are not sustained, he can reinstate the judgment, but I should think—I do not want to foreclose the action of any person who may hear the case—but that would be the line of thought that would occur to me.

Mr. Bolton: To whom would such an application be made, your Honor?

The Court: Down at Special Term.

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Mr. Bolton: Before whatever judge may be sitting in Special Term?

The Court: Yes.

Mr. Bolton: I am just asking these questions in order to get the matter straight.

The Court: That is quite all right.

Mr. Bolton: And such application as you indicate should be made by the Government?

The Court: The Government has the right to seek to come in and to show its right to intervene.

If you want to join with him in any of its allegations or if you want to ask that the judgment be opened or vacated pending a hearing, you may do that, and then the plaintiff may respond to your respective allegations and the Court can take such action as it thinks advisable.

Mr. Bolton: There is only one point that I would like to straighten out, and that is a remark made by Mr. Bromley.

While it is true that the defendant in its answer did set up the defenses of fraud and anti-trust, which were both based upon information and belief, this case was not tried upon the pleadings. This case was tried upon a special stipulation that was entered into wherein the defendant admitted that the particular stencil, which was the stencil referred to in the complaint, was an infringing stencil, but then we went before Judge Paterson on another type of stencil, and the pleadings in the hearing before Judge Paterson were not referred to. The whole hearing was based upon a stipulation.

The Court: I cannot pass on that because I am not at all familiar with it, but I think that is the best procedure for you to follow.

Mr. Bromley: Very well, sir.

Mr. Jay: There is a certain amount of doubt in my mind, your Honor, on the question of vacating the judgment. I take no stand on that, but I feel it my duty to call it to your Honor's attention. The Supreme Court in

its direction specifically directed the vacating of the judgment of the Circuit Court of Appeals. It also directed the Circuit Court of Appeals to inquire into the particular issues which the Court has referred to the District Court.

The thought that bothers me is whether or not implicit in the direction from the Supreme Court was that any judgment which might interfere with any rights of the parties should not be removed—any judgment that might be an impediment to any future proceedings——

The Court: I should think that if the Court of Appeals made a direction to vacate the judgment, it would be perfectly agreeable to me. If they will give us the instructions, well and good, but nevertheless, as I stated to you the other day, for the time being you have a judgment that is presumably good. It must be good until the proof of your allegations shows that it was obtained by fraud.

I do not want to prejudice the rights of any other parties.

It might be a wise thing for you to go back to the Court of Appeals and ask them specifically for instructions to this Court to vacate the judgment.

Mr. Jay: In clarification of my statement, your Honor, we take no position as advocate, at least, with respect to this particular judgment and the question of its vacating or not vacating.

The Court: But under the mandate, as I recall its terms the other day, I do not feel justified in vacating the judgment; otherwise they would have directed me to do so.

Mr. Bromley: I think that is quite clear.

The Court: If you want to go back and ask them for specific directions that that be done, it is entirely agreeable to me.

Mr. Bolton: I think that is what I will do, sir.

The Court: All right.

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"Exhibit F."

MEMORANDUM OPINION OF CIRCUIT COURT OF APPEALS, SECOND CIRCUIT.

UNITED STATES CIRCUIT COURT OF APPEALS

FOR THE SECOND CIRCUIT.

A. B. DICK COMPANY,
Appellee,

v.

JAMES MARR,
Appellant.

Before: L. HAND, AUGUSTUS N. HAND and CLARK,
Circuit Judges.

Per Curiam: Our understanding of the opinion of the Supreme Court is that the District Court before vacating the judgment appealed from shall consider any evidence presented to it upon the issue whether "the prosecution of the instant case" did not in fact "constitute a fraud upon" itself and this court; and, only in case it finds that the prosecution did so constitute a fraud, is it to vacate the judgment, and take such further action as may be proper.

L. H.
A. N. H.
C. E. C.

Dated February 18, 1947
Filed February 18, 1947

Certificate.

The undersigned counsel for petitioner certifies that the within motion for clarification or modification of the order and mandate of this Court is filed in good faith and not for delay.

EDWARD D. BOLTON,
Of Counsel for Petitioner.

No. 504. MARR, DOING BUSINESS AS MARR DUPLICATOR CO., *v.* A. B. DICK CO. On petition for writ of certiorari to the Circuit Court of Appeals for the Second Circuit. November 12, 1946. *Per Curiam:* The petition for writ of certiorari is granted. The judgment of the Circuit Court of Appeals is vacated and the cause is remanded to that court for consideration of the question, raised by the Solicitor General in his memorandum, as *amicus curiae*, "whether respondent's prosecution of the instant case may not constitute a fraud upon the courts." *C. P. Goepel* and *Edward D. Bolton* for petitioner. *Robert W. Byerly* and *Ralph M. Watson* for respondent. *Solicitor General McGrath* filed a brief for the United States as *amicus curiae*. Reported below: 155 F. 2d 923.

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